JPRS 78771

18 August 1981

China Report

ECONOMIC AFFAIRS

No. 163

FBIS FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Indexes to this report (by keyword, author, personal names, title and series) are available from Bell & Howell, Old Mansfield Road, Wooster, Ohio 44691.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

JPRS 78771

18 August 1981

CHINA REPORT

ECONOMIC AFFAIRS

No. 163

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

Problems of Enterprise Operations Discussed
(Li Yingzhang; JINGJI YANJIU, 20 Jun 81) 1

Discussion on Reforming Enterprise Leadership
(JINGJI GUANLI, 15 Jun 81) 11

AGGREGATE ECONOMIC DATA

National, Provincial-Level Aggregates 21

FINANCE AND BANKING

Finance, Trade Sector Adoption of Responsibility System Urged
(SHANXI RIBAO, 12 Jun 81) 26

Guangdong Revenue Increased in First Half of 1981
(NANFANG RIBAO, 9 Jul 81) 29

Shanxi Stresses Need for Currency Circulation Control
(Wang Yikai, Liu Feng; SHANXI RIBAO, 8 Jun 81) 30

Briefs
Gansu Semi-Annual Expenditures 31

ENERGY

Hydropower Construction Achievements in 1980 Listed
(SHULI FADIAN, 12 Apr 81) 32

Energy Commission Official's Interview
Gezhouba Engineering Project

Sichuan Hydropower Development Plan Examined
(Zhang Derong, Cai Chengzhong; SHUILI FADIAN, 12 Apr 81)... 43

Sichuan Coal Production Cut To Permit New Policies To Be Implemented
(SICHUAN RIBAO, 15 Apr 81) 52

Coal Production in Furong Mine Bureau of Sichuan Province Tops Plan
(Peng Dongyuan, Wang Jiyuan; SICHUAN RIBAO, 15 Apr 81) 54

Briefs
Jiangsu Hydroelectric Power Station 56
Qinghai Reservoir 56
Qinghai Commends Logistics Company 56

INDUSTRY

Briefs
General Packaging Corporation 57
Sichuan Industrial Production 57

FOREIGN TRADE

Guangdong Foreign Trade Increases During First Half of 1981
(NANFANG RIBAO, 8 Jul 81) 58

China Sells Crane Ships to Romania
(Liu Dajun; CHUANBO SHIJIE, 1 Jul 81) 60

TRANSPORTATION

Briefs
Shaanxi-Gansu-Ningxia Highway 62

GENERAL

Township of Baiyunhushi in Nei Mongol Described
(DILI ZHISHI, May 81) 63

Township of Dahushan in Liaoning Province Described
(DILI ZHISHI, May 81) 64

HONG KONG MEDIA ON CHINA

ENERGY

Second Dam To Be Built at Changjiang Gorge
(WEN WEI PO, 6 Aug 81) 65

FOREIGN TRADE

Guangdong, Fujian Enjoy Greater Autonomy in Foreign Trade
(Lan Jingzhong; WEN WEI PO, 29 Jun 81) 67

PROBLEMS OF ENTERPRISE OPERATIONS DISCUSSED

HK120144 Beijing JINGJI YANJIU [ECONOMIC RESEARCH] in Chinese No 6, 20 Jun 81 pp 51-56

[Article by Li Yingzhang [2621 3602 4545] of the Enterprise Management Department of the First Ministry of Machine Building: "A Tentative Discussion on Forecasting and Formulating Policy in Enterprise Operation"]

[Text] The problem of enterprise operation is a very important problem in modern economic management work. It is also a new subject urgently awaiting study and solution with respect to our current readjustment and reform by the various enterprises and their management departments. Good performance in business forecasting and formulating policy is an important part of the modernization of enterprise management.

I

In order to study forecasting and policymaking of enterprise operations, first of all we must understand what enterprise operations are. In terms of general concept, management means the following behavior on the part of the enterprises in their economic activities for the production of physical output: the development of scientific forecasting, the selection of product orientation, the formulation of development plans, the undertaking of product development, the organization and arrangement of production, and provision of good sales service for the purpose of attaining business targets, and this process repeats itself in recurring cycles. Capitalist enterprises pay much attention to operation in their production activities, because the capitalist commodity economy is there, the law of value and competition are playing the role of regulation and stimulation with respect to production, and with the constant progress of science and technology, and diverse changes of market demand, good enterprise management and administration, correct forecasting and formulation of policy play the deciding role with respect to the existence and development of capitalist enterprises and constitute a problem of life or death with respect to the enterprises. If an enterprise makes correct forecasting and decisions, it will be able to develop and grow amid competition. Otherwise, it will close down and become bankrupt. To cite a case as an example, in the United States, there is a well-known corporation, the Chrysler Automobile Corporation, which was struck by a disastrous slump in sales, and was forced to plead for government rescue loans to avoid bankruptcy, because in policymaking it failed to take into consideration the energy crisis, and organized production on the single basis of market preference for large and luxurious cars. In contrast to this, two other U.S. competitors, General Motors, and the Ford Motor Company, developed fuel saving compact cars which had small sales at that time. As a result, the latter two auto companies were benefited with progress. For this reason, invariably capitalist enterprises regard operation and policymaking as matters of paramount importance, for they want to win in competition and reap more profit at less expense. In recent years especially, in operation and policymaking the capitalist enterprises have extensively made use of mathematics, sociology, psychology, computer science, and so on. In consequence, a comprehensive management technology has been developed.

This is how capitalist enterprises are. Is it also necessary for socialist enterprises to pay attention to operation and to do well in forecasting and policy making? For many years, this question has been unclear to us and has been neglected. In our enterprises, attention was only paid to management and never to operation in the past. One important reason for this is that the management system of enterprises was only an appendage of administrative organs in the context of the control system, they were deprived of the autonomous power in operation, management and policymaking which they should have had in their capacity of relatively independent commodity producers. This has led to backwardness in management and administration poor economic efficiency. Looking at the panorama of the economic development of our country, it is precisely due to the lack of understanding of the concept of operation and the absence of scientific forecasting and policymaking on the part of government management departments as well as enterprises that economic errors have been made and can be found everywhere. For example, the duplicated plant locations and blind development of industrial enterprises are quite serious. Although this has much to do with the management system of lines of command and compartmentalization which gave rise to independent spheres of control and the situation of each going its own way, this is also an outcome of the fact that enterprises did not pay attention to operation, forecasting and policymaking, nor did they take into consideration operations efficiency. In the past 2 years, the number of industrial enterprises in our country has been increased by almost 10,000, most of which are redundantly constructed small plants. Again this is a misunderstanding of market demand on the part of many of the enterprises, which caused production to be [word indistinct] from sales, giving rise to new idle funds and waste. Last year, overstocking of electrical and mechanical products was still on the rise, circulation funds tied up in industrial products in the country as a whole amounted to tens of billions of yuan, and the funds are prevented from playing their proper role. All this demonstrates that in a socialist economy, forecasting operations and policymaking of the enterprises are important all the same. It is a requirement of objective economic law to select the practicable business program on the part of the enterprises by means of forecast operations and policymaking in order to gain better economic results with less social labor input, and to improve the operational efficiency of enterprises.

At present, our national economy is in the stage of further readjustment. During the readjustment period, good performance in business forecasting and policymaking by enterprises is of great significance. The reason for this is that by means of forecasting and policymaking the enterprises can improve their service orientation and product makeup to satisfy the needs of society. For the case of individual departments of individual enterprises in particular, by means of business forecasting, appropriate decisions can be made in respect to closing, suspending, merging and shifting for those enterprises that turn out substandard products of poor marketability and quality and thereby suffer business losses for a long time in order to enhance economic efficiency and to facilitate the progress of readjustment.

II

How can a good performance be accomplished in business forecasting and policymaking by enterprises? This question is of much concern to the management personnel of the enteprises. As of now, many enterprises, especially the machine building enterprises, have sent many of their staff, some including their factory directors and party secretaries, out of town to scout for production contracts and for sales. Under the present situation of a shortage of production tasks, this is quite necessary. However, it should be said that this is not an effective way to get a solution to this problem. Sending out personnel to promote sales in itself is not an essential aspect of enterprise operations. To grasp the core of business management, it is necessary to link it with obtaining market information, market investigation, proper forecasting and policymaking, and the promotion and sales of products.

(1) Market investigation. This is the basis for making forecasts. Through investigation, large amounts of numerical data and other information about production and demand are acquired and accumulated, and this provides a reliable and true basis for scientific forecasting and policymaking. However, market investigation itself is not forecasting, nor policymaking. Some enterprises identify paying visits to customers and market surveys with forecasting. Such an identification lacks precision. Investigation and forecasting are related, but they are not identical. Investigation means the acquirement of data, while forecasting requires scientific methods for induction, arrangement of data, measurement, and calculation. These are precisely the problems awaiting solution in respect to undertaking operations. As to how to carry out proper market investigation, in view of the present experiences of some enterprises, the following are the main points:

1. Market investigation should take the product in question as the center of all considerations and the customers as the targets of action in order to ascertain the makeup of customers using this product, and to find out in what economic sectors, industries, regions, entities and by which individuals such products are being used. In the study of the application of the product, active measures should be taken to expand the area of application of the product in order to look into the possibility of introducing the product to new sectors, and new industries as well as the prospect of establishing it on the international market. All this is for the purpose of opening up and developing new markets.

2. Investigation is to be conducted into different categories of products. In terms of the characteristics of mechanical products, generally speaking, they can be divided into two broad categories, the large-scale specialized equipment

(for example, metallurgical equipment and electricity generating equipment) and general purpose equipment (for example, the general purpose lathe and bearing generator). Another division is made for high-grade, precision, and advanced products as one group vis-a-vis ordinary products. For all the different products, detailed investigations should be made in regard to their social demand and market potential. We must acquaint ourselves with the pattern of production and sales, how much last year, how much this year and how much next year. It is only if there is a large market potential that there will be a bright prospect for the future development of the product. While investigating the market potential, study should be made at the same time of the purchasing power of the customers. It is the purchasing power of the customers which determines the volume of sales. After establishing the potential sales volume, further investigation is necessary to find out the market shares of the respective producer plants. With all these investigations properly carried out, then reliable data for forecasting are available.

3. Methodology should be emphasized in making market investigation. In terms of form of investigation, there are two kinds: the direct method and the indirect. The direct method comprises the following: sending out investigation teams or inviting interviewees, visiting customers, holding sales exhibitions, having direct contacts with customers in order to have a good understanding of the past as well as the present, to collect information, and to acquire data. By direct investigation, information can be obtained concerning the requirements of the customers in respect to the product, giving a truer and more reliable picture. Indirect investigation is made by correspondence, questionaires, and by collecting information from the press, advertisements, and so on. Both these methods, the direct and the indirect, can be taken simultaneously so that more information can be collected. With reference to the extent of the investigation, distinctions should be made in accordance with the different categories of products. In the case of large-scale specialized equipment for only a few customers, produced individually or in small batches, investigation can be made case by case in terms of the equipment and the customer, and a separate filing card should be prepared and kept. As for products of general use in large quantities and with broad market applications, the typical pattern or random sampling method should be used for investigation to achieve simplicity and good results. The enterprises should keep up their market investigations unintermittently and systematically so that comparatively complete data may be collected to provide a reliable basis for forecasting and policymaking.

(2) Develop forecasting. By forecasting, we mean carrying on scientific analysis on the basis of market investigation and study, and finding out about development and prospective trends. As far as an industrial enterprise is concerned, the purpose of forecasting is to study the economic rationality of operating and developing the production of the enterprise and to provide a basis for policymaking. Therefore, the forecasting of an enterprise involves the development of products, which include the old products being produced at present and the new products of the immediate future. Market investigation provides the possibility for production to be undertaken by the enterprise. However, in the study of the production of these two kinds of product, attention must be paid to two problems, the life span of the product and its economic limitations, and due forecasts should be made of the two.

As the life cycle of the product implies, the use value of the product undergoes changes with the passing of time. In analyzing any product, it is not difficult for us to find out the variations of its life. Generally speaking, the following stages are undergone: the initiation stage (upon completion of trial production, the product is introduced to the market, and the volume of production is relatively small), the stage of development (the product is accepted by the customers, production is undertaken in large batches, and volume of production rises), stage of maturity (production reaches a peak, market demand for the product approaches stability and saturation point), stage of decline (as new technology and products appear on the market, demand for the product declines), the stage of replacement (the acceptance of the new product and the elimination of the old) and so on. The above stages can be plotted to make a life cycle curve. The job of forecasting of the enterprise is to get a good grip of the life cycle of the product, and to enable proper planning of the four categories of products: (1) planning for the formal undertaking of production; (2) planning for trial production; (3) planning of products in the process of study and design; (4) research work in connection with the application of newly developed technology. This enables the enterprise to have a reserve of products in terms of technological variations, and to practice continuous renovation of its products to meet the needs of the developing social production technology. Take the mechanical products of our country for example, of the present product varieties which number several tens of thousand, 70 percent belong to varieties of the 1950's (not to mention those of the 1940's which number quite a few). Many of these varieties are still in short supply at present. At first glance, they seem to be in the stage of development or maturity. However, after a careful study of their properties and performance, their technological backwardness is bound to be discovered: excessive consumption of energy, low production efficiency, poor quality and precision, insufficient mechanization and automation, and so on. Some of these products should have been classified in the category of decline or replacement long ago. This requires us to change the models and bring in new products. Obviously, in making a judgment on the life cycle of a product, the correct answer can only be attained by taking stock of the developing technology, and taking into consideration the market sales volume alone certainly does not suffice.

In the process of forecasting production, another factor to be taken into consideration is the problem of economic limitations, or the study of effects on value in the development of the product. Any product of an enterprise has its point of profit and point of loss. The purpose of producing in respect to an enterprise is to make profit while satisfying the needs of society. Therefore, production of any product requires compensation in terms of value so that the earnings from production offset consumption (the variable expenses and the invariable expenses). Profit is made, when earnings exceed consumption. Conversely, losses are incurred. This is the critical point of profit and loss of a product. With the increase of production, profit for the product will be increased, so will the profits of the enterprise. When production is increased to a certain maximum level, a turning point will be reached. At this point, the enterprise must improve its conditions, make more investments, expand its production capacity, consequently greatly enlarging its invariable expenses with the result that profits may be reduced, or perhaps may come to nil, depending on the future prospect of sales on the market.

These limitations are called economic limitations of the product, also known generally as the economical production volume, indicating the limit of production that yields the best economic results for certain products under the present conditions. The management personnel are to make selections within the range of points of profit and loss, and economic limitations. The economic limitations relate not only to production volume, but also to price, cost, and so on. When the management personnel make a forecast for product development, correct evaluation can be made only by taking into account the economic limitations and the life cycle of the product.

Making forecasts involves scientific methodology. Various methods are found abroad, which can be generally divided into two models, the qualitative model and the quantitative model. The qualitative forecast depends on surveys made by specialists, on subjective judgments, and mutually effective analyses, while the quantitative model most generally adopts the method of time series, moving averages, and the correlative linear retrogression. To undertake such forecasts, historical data are indispensable. As the current condition of our present enterprises indicates, it is difficult to make forecasts in terms of pure mathematical approaches. However, in order to adapt to the changes in economic management, certain machine building enterprises have adopted some simple forecasting methods and have achieved some good results. For example, in the field of qualitative forecasting, the method of economic trend analysis has been used to study the quantative changes of market demand for products brought about by the implementation of the eight-character guideline of readjusting, reforming, rectifying and improving: with the reduction of investment in heavy industry, investment in agriculture, light industry, commerce and the service trades has relatively increased; with a big reduction in demand for machines by capital construction, such demands arising from tapping potential, renovating and restructuring have been on the rise; with the reduction of tasks for large precision equipment, there have been more tasks for general products; with less state-planned tasks, there have been more private market-oriented tasks, and so on. This is the basis for readjusting the service targets of the enterprises and developing products with good marketability. In quantitative forecasting, the correlation forecasting method has been adopted. Investigation is made in respect to the internal relations of demand to ascertain the correlation coefficient. For example, to raise coal production by 200,000 tons, a coal mine elevator no smaller than 2 meters must be installed; to increase steel production by 1 million tons, 45,000 tons of mining equipment must be added; 1.8 units of vertical cutting automatic lathes and other supplementary equipment are needed to increase production of wrist watches by 10,000; 7,500 electric meters are needed for every 10,000 kilowatts of electricity generation equipment, and so on. In the case of the study of forecasting means of subsistence, the social purchasing power must be analyzed, and typical-case investigation must be made to find out the correlation coefficient. For example, the Beijing survey showed that four cameras were bought for every 100 staff and workers; and 10 percent of all households in the cities of the country as a whole have electric fans. From this data it was concluded that 74,000 cameras and 2 million electric fans are needed in the country as a whole, and so on. With the data concerning national needs, the producer plants can estimate their own sales volume by virtue of their share of the national market. It must be pointed out that any numerical value produced by forecasting is subject to errors, and deviation must be allowed. The necessary revision must be made according to the concrete conditions, when business policy of the enterprise is made. Furthermore, just like the market surveys, no constant forecasting can be found, but corrections must constantly be made according to market information.

(3) Business policy making. Good policymaking for business operation is the crucial question in enterprise competition and development. In a broad sense, it can be said that business management of an enterprise is the process of policymaking, that is, making scientific forecasts on the basis of market surveys in order to produce countermeasures and work out the necessary program. The following steps are included in the process of formulating policies: 1. presentation of the problem and setting the aim; 2. making forecasts and drawing up programs; 3. analyzing and evaluating the technical economic results; 4. selection of the appropriate program; 5. formulating the action program; 6. examination of the implementation of the plan. Here, we find that forecasting is the promise and policymaking the key link. By patterns, there are two kinds of policymaking: the business management (strategic) policymaking which involves the development orientation of the enterprise, the product varieties, scale of production, the making of investments, and the administrative (technical) policymaking, or measures to be taken for the daily control of operations during the process of implementing the program in order to bring about the aims set by the enterprise. Generally speaking, most of the strategic business policymaking is without sequence. That is to say, it is subject to the influences of variable factors which are not quite predictable at present. For example, the variations of market demand, the supply of raw materials and parts made by cooperative parties, the rise and fall of prices, innovation of production techniques, the domestic and foreign competition and other factors influence the decisionmaking of enterprises. Therefore, it is impossible to have a fixed standard solution subject to no variation. Here, much depends on the knowledge, experience and command of information of the manager as well as his ability to judge, his willingness to take responsibility and his courage to take risks. During the process of policymaking, use should be made of the decision pedigree (programs related to the decision are to be shown by pictures and charts in the pattern of a trunk and branches like those of a tree) so that from the programs the most practical and suitable ones can be selected in order to accomplish the aims of the enterprise (not the most superior program, as superiority is only relative). This is one lesson which all senior executives must learn in business operation. In contrast, the technical management decisions being implemented mostly follow definite sequences, with well defined objectives, less uncertain factors, definite programs, and [illegible] numerical data. In such cases, calculation can be made by operational research. Falling into this category are examples such as: rational arrangement of production tasks, the correct size of production batches, selection of efficient working technology, adjustment of labor force to improve the man-hour productivity, shortening of the production cycle, and so on. All these are the tasks of middle-level executives of the enterprises.

Usually, the collective form should be taken, when business decisions are made for the enterprise, as problems involved in making such decisions are comparatively numerous, especially those for business operation which are more complex and more liable to errors, and the collective decisionmaking which pools the wisdom of many people and relies on group study is better than that made by individuals. There are two kinds of collective decisionmaking: for one kind, people are called to the meeting when a decision needs to be made; the decision is reached collectively, or by ballot. For the other, discussions and consultation with experts are held before making the decision, which is left to the final discretion of the chief executive. The trend of business decisionmaking abroad shows the development from individual decisionmaking to collective decisionmaking through a council of advisors. The advantages of this are more information and wholehearted execution of the program after the decision is made. Here, we should take notice of the fact that when business decisions are taken by the enterprise, very often due to the influence of variations of external factors, the decision may become an error, as the accomplishment of its ends may be impaired. Therefore, contingent remedial programs must be drawn up when business policy is made so that remedial measures may be taken when sudden changes occur in order to guard the enterprise against business losses.

Currently, some attempts have been made at business decisionmaking by certain machine building enterprises. The methods are quite simple, but the results have been good. For example, the Ningjiang Machine Tool Factory of Sichuan Province is a producer of precision instrument making machine tools for heavy industry, the military industry and light industry. In the past, its products were in excessive supply, and annual sales were less than 500 to 600 machine tools. In 1979, the factory started making market surveys, forecasts, and business decisions, and the situation has turned for the better. Having analyzed the changes in our national economy, they came to the understanding that (1) heavy industry would be cut down, the market for light industry would be expanded henceforth, several billion yuan of state loans had been granted to light industry, and demand for precision instrument machine tools would be on the rise; (2) the production of watches would be on the rise, as employment would be increased by several million annually, therefore watches would be in demand, especially those for women, hence growth of demand for machine tools for making ladies' watches; (3) equipment of the watchmaking industry would need renovation and transformation; (4) the quality of their products had been comparable to that of Japanese watches, hence the possibility of sales on the international market. By correlation, they have made forecasts and estimates of the demand for the machine tools they produce. First, in respect to the growth of demand for their machine tools due to the increase of production of watches, they have made the assumption that by 1985, 30 million watches will be produced. This means that to reach this figure an annual capacity of 2 million watches must be added each year, and for every extra 10,000 watches, 1.8 machine tools will be needed. Then the annual total figure will come to 360 machine tools. Second, concerning the demand for machine tools due to renewal of equipment, they make the assumption that the replacement rate is 5 percent of the present total of 6,000 precision instrument machine tools owned by the country's watchmaking industry, which amounts to a requirement of 300. The sum of the above two items comes to 660. The Ningjiang Machine Tool Factory's share of the market being 80 percent, the figure for the Ningjiang Machine Tool Factory comes to 500. This is what is needed for the production of watches. Third, concerning the demand of other industries, according to the historical data of the Ningjiang factory, the watch industry accounts for 40 percent of its total sales, and 60 percent is taken up by other industries. This means that 700-odd machine tools are needed by other industries. Fourth, in respect to export needs, the figure for the past years has been 200 to 300. The total demand of the above four items comes to 1,400 to 1,500 machine tools. Accordingly, the Ningjiang Machine Tool Factory has decided to produce 1,400 to 1,500 machine tools annually in the coming few years in keeping with the market situation in our own country as well as abroad, and in accordance with the variety, quality and price of its products, and its capability to compete in terms of its technical services and capabilities. In addition to this, the factory has also decided to adjust its product range and increase its capacity to produce more marketable products in the light of the aims of the policy. In 1980, the factory made arrangements to produce 850 machine tools, which fell short of the customers' demand. This year, arrangements have been made to produce 1,000 machine tools, which again falls short of demand. At present, some contracts have been signed for 1982. Facts show us that the forecasts and decisions made by the Ningjiang Machine Tool Factory are well grounded.

III

Step by step, many of the management personnel of our enterprises and those of our economic administrative departments are paying more attention to the problem of business forecasting and policy-making of the enterprises. This is a new beginning of business management of our enterprises for the past 30 years. Due to the fact that we did not pay much attention to business management in the past, our demand for good forecasts and decisions on the part of the enterprises will give rise to many difficulties. Certain conditions need to be created, but the following are most urgently needed:

1. The government organs in charge of economic affairs must set up consultation and service departments in regard to forecasting and decisionmaking information to provide technical and economic information, and market demands, both in our own country and abroad. It is very difficult for the enterprises to get such information by themselves. For a single enterprise, it is only possible to know the local conditions. Under the conditions of regulation by market mechanism and competition among the enterprises, a large amount of economic information, including the situation of supply and demand is needed to make correct decisions on the part of the enterprises. Without such a prerequisite, a situation similar to the recent one may possibly reoccur with everybody rushing to produce electric meters, electric fans and other "hot property." As shown by statistics, there are nearly 2,000 enterprises producing electric fans, and those that specialize in producing electric meters have increased from 29 to more than 200. Under such conditions, blind production can hardly be avoided. This may very well exert unfavorable influence on our economic readjustment. Consequently, it is absolutely necessary for the government organs in charge of economic affairs to set up information centers, to provide good consultation, to circulate the necessary information, and to help the enterprises do well in forecasting and decisionmaking.

2. In the enterprises (especially those of medium and large size) internal structures in charge of management policy must be set up and be provided with the necessary technicians and managing cadres. Steps must be taken to enable them to learn how to make market surveys and to do well in business forecasts and decisionmaking. As for the senior executives, such as managers and factory directors, they must be provided with better training programs with emphasis on enhancing their capability to run the enterprise and to make decisions as well as increasing their business knowhow and improving their quality.

3. Economic legislation must be enacted. The nature, position, rights, responsibilities, and benefits of the enterprises must be clearly stipulated. Policymaking of the enterprises must be commensurate with their authority. The nature of authority prescribes the nature of policies made, and the scope of authority prescribes the scope of policies made. This provides the enterprises with legal insurance when they make their business decisions. In the meantime, the enterprises must also carry on their business dealings within the scope stipulated by economic laws.

4. The state must have a stable long-term economic and technological development policy as well as long-term development plans with well defined and specific development targets, speed, proportions, economic set-up, and so on, in order to give guidance to the business operation of the enterprises, to integrate the state and enterprise policymaking as well as to combine macroeconomics and microeconomics, and all in all, to enable the national economy to develop more harmoniously. For the present readjustment period, a readjustment plan is also needed. This will facilitate the government organs in charge of economic affairs and all the production enterprises in carrying out the task of economic readjustment more satisfactorily through forecasting and business decisionmaking.

CSO: 4006/448

NATIONAL POLICY AND ISSUES

DISCUSSION ON REFORMING ENTERPRISE LEADERSHIP

HK120800 Beijing JINGJI GUANLI [ECONOMIC MANAGEMENT] in Chinese No 6, 15 Jun 81 pp 59-63

[Article by the group for investigation and research on reforms of the system of leadership over the enterprises, under the Shenyang Committee of the CCP: "Reforms in the Present System of Leadership Over the Enterprises Can Help Improve and Strengthen Party Leadership"--slantlines denote boldface type]

[Text] Will reforms of the present system of leadership over the enterprises and also division of labor between party organs and administrative bodies be able to help improve and strengthen party leadership, or will they weaken and lead to the abolition of party leadership? This is a very acute issue facing the experimental units. If this issue is not resolved, our experimentation will not advance with big strides. This year, with our attention focused on this issue, we have convened theoretical seminars, organized study classes for cadres and delivered lectures to the masses. Through such means we have repeatedly studied and discussed, and have preliminarily unified our understanding of, the following three questions: First, what should we correctly understand about leadership of the party committee over the enterprise? Second, are there shortcomings in the present system whereby the factory director is in charge of the enterprise under the leadership of the party committee, should the present system be reformed, and how should it be reformed? Third, how can we work to improve and strengthen party leadership when the relevant reforms have been carried out? In the ensuing paragraphs we will discuss our views on these three question.

I. What Should We Correctly Understand About Leadership of the Party Committee Over the Enterprise

Some comrades have been worried about the possibility that reforms in the system of leadership over the enterprises may weaken and lead to the abolition of party leadership. An important cause of their worry has been the disruption and sabotage by Lin Biao and the "gang of four," coupled with the influences of forces of habit which have prevailed for many years. Their understanding of what constitutes leadership of the party committee over the enterprise has been muddled. Now, when the problems concerning their understanding have been solved, they feel at ease instead of worried, and they actively support the reforms instead of showing disagreement. We have mainly resolved the following three issues.

/1. The leadership of the party committee over the enterprise should mean ideological and political leadership, instead of direct command by the party committee over everything./ Some comrades said that the party should exercise leadership in everything. The enterprise must therefore subordinate itself to the direction by the party committee in everything. If the reforms are carried out, so that the party committee will no longer exercise direct command over the factory director and the staff and workers' congress, then is it not obvious that party leadership is weakened? During the discussions, it has been generally believed that it is incorrect to understand the leadership of the party committee over the enterprise as the direct command of the party committee over everything, with the party committee simply having the say. Party leadership should mainly mean political leadership, and leadership over the line, principles and policies. The party committee of the enterprise should mainly insure the implementation of the party's line, principles and policies at the enterprise. Therefore, the main task of the party committee of the enterprise is to spread propaganda among and provide education to all party members and workers on the party's line, principles and policies, to put forward measures of implementation in the light of the circumstances of the enterprise, to turn the implementation of such measures into the conscious action of the whole staff through painstaking propaganda, ideological work and organization work, and thus to insure that the enterprise will adhere to the socialist orientation, and to insure that the fulfillment of the production plans and various tasks will help continually improve the workers' livelihood on the basis of a continuous increase of accumulation on behalf of the state. In view of the party committee's tasks, it should exercise leadership mainly by bringing the role of organizations at various levels and also the exemplary vanguard role of the communists into play, and by carrying out ideological and political work, instead of by relying on administrative decrees.

/2. The fact that the party committee of the enterprise should exercise unified leadership over it does not imply that all powers related to the running of the enterprise should be vested in the party committee./ According to some comrades, the party committee will have high prestige only if it has power, and it will be able to exercise leadership and people will follow its instructions only if it has high prestige. At present, even though in matters related to the party, administration, finance and cultural affairs, the party committee is in control of powers to run the enterprise, its prestige is not high and its direction is not very effective. If the reforms are carried out, and the decisionmaking power over major matters concerning the enterprise is handed over to the staff and workers' congress, with the power to direct production handed over to the factory director, then the party committee will not have real power, and will it not be in vain to talk about strengthening party leadership? Such a view is also incorrect. Through discussion, it has generally been understood that the need for the party committee to exercise unified leadership implies that the whole enterprise must be unified in ideology and line. The factory director, the staff and workers' congress, the trade union and the communist youth league must be led by the party committee politically. They must rally round the party and work according to the party's line, principles and policies. Politically, each of them must not do things in its or his own way. However, we must definitely not interpret unified political leadership as vesting all powers in the party committee. We must clearly define the functions and powers of each. Each should have its or his own functions, powers and responsibilities. Each should be assigned the power due to it or him. Each should exercise its or his own powers according to the line, principles and policies set by the party. The vast numbers of staff members and workers are the masters of the enterprises. They should naturally have the right to make decisions on major matters concerning the enterprises, and to exercise their powers in their capacity as masters. The party committees should give assistance and support to the masses of staff members and workers in their assumption of the role of masters, and must not act as masters in place of the staff and workers. In particular, they should not have the power to force the masses to follow their decisions. The factory director must be responsible for production at, and the administration of, his enterprise. He will necessarily be the highest leading cadre of the enterprise in matters of production and administration. Because of his status and responsibilities, he must exercise full powers in directing production and administrative work at the enterprise. The party committee should assist, support and guide him in his work, instead of exercising command in place of him.

/3. To fully bring the leading role of the party committee into play does not mean that we must restrict and weaken the roles of the factory director and mass organizations./ Some comrades said that whatever we may say, when the reforms have been carried out, the factory director will play the leading role, the staff and workers' congress will cease to play the role of a rubber stamp, but the role of the party committee will dwindle, and its order of importance will fall from first place to third. This view, which takes bringing the role of the party committee into play as conflicting with bringing the role of the factory director and mass organizations into play, and which holds that party leadership will be weakened when the roles of the factory director and staff and workers' congress are fully brought into play, is incorrect. Through study and discussion, the majority of comrades have realized that to fully bring the role of the party committee of the enterprise into play means that the party committee must satisfactorily perform the work that it should perform, and it does not imply that it should perform the work which the factory director should perform, thus taking others' administrative affairs into its own hands. In an enterprise, although the tasks of the party committee, the factory director, the staff and workers' congress, the trade union and the communist youth league differ, the goal of these people and organizations, namely to do a good job of running the enterprise, is identical. If these organizations can work according to the party's line, principles and policies, and according to the party committee's intentions in connection with political leadership, then party leadership has been embodied. Therefore, the two things are not mutually exclusive, but promote each other. After the reforms have been carried out, if the staff and workers' congress genuinely exercise their rights as masters after we have put an end to the situation marked by "the party committee making calls, the factory director making reports, the representatives raising hands in compliance, and the trade union acting as a utility man"; if the factory director can independently exercise the power to direct production and can work with greater efficiency after we have put an end to the situation in which the factory director dares not take matters into his own hands and must rely on discussion by the party committee; and if the trade union and the communist youth league can independently carry out their work, actively safeguard the legal rights of the masses, and fully mobilize the enthusiasm of the masses in production; then, party leadership is strengthened instead of being weakened. Why do we say so? Because the staff and workers' congress, the factory director and the mass organizations carry out their work under party leadership and must follow the party's line, principles and policies in formulating their working regulations and establishing various rules, regulations and systems. Therefore, the party committee must work to provide necessary guarantees in various aspects and to create requisite conditions (an important condition is to enable them to independently carry out their work) so that they can bring their own roles into play. This is a specific embodiment of party leadership and also an important and indispensible aspect of the exercise of party leadership.

II. The System Whereby the Factory Director Is in Charge of the Enterprise Under the Leadership of the Party Committee Embodies Shortcomings Which Are Unfavorable to Strengthening Party Leadership

When several muddled views on party leadership have been preliminarily clarified on the plane of theory, some comrades have gotten their thinking straightened out and believe that reforms will not weaken party leadership. However, other comrades have been unable to change their thinking quickly. They have held that although the present system embodies the shortcoming of taking administrative affairs into its own hands by the party committee, anyhow, the present system is favorable to strengthening party leadership, and this is the greatest advantage. If the reforms help overcome this shortcoming, but also weaken party leadership, then it is better not to carry out the reforms. Some comrades have said that if the party committee is thought to have undertaken too many administrative affairs, then it can undertake fewer in the future; and if the staff and workers' congress and the factory director are thought to have little power, then they may be assigned greater power. It will be unnecessary to carry out radical reforms. However, what is the real situation? Are there shortcomings in the present system which are unfavorable to strengthening party leadership? During our experimentation, aside from organizing the cadres and the masses to improve their theoretical knowledge, we also organized forces to investigate the situation of leadership by party committees at the enterprises, so as to answer this question using facts. The results of our investigation have proved that not only is the present system unfavorable to enabling the staff and workers to exercise their powers as masters or enabling the factory director to exercise centralized and unified direction over production, but there are real shortcomings in the present system which are unfavorable to strengthening party leadership. The main shortcomings are as follows.

The present system places the party committee in a supreme position and allows it to undertake everything. Consequently, the party committee "cultivates other people's meadows but lets its own land lie fallow." The system whereby the factory director is in charge of the enterprise under party leadership is in itself a system whereby the party is not separated from administration. It combines the system of leadership by the party committee and the system of administrative leadership into a unified entity. Moreover, because the party committee is bent on exercising leadership over the factory director's administrative work, it is therefore the highest organ of power in the enterprise, and the secretary of the party committee is the top leader of the enterprise. Thus, the party organization is above other organizations, and the secretary of the party committee is above other leading cadres. Because the factory director and deputy factory director work under the leadership of the party committee, they will get what they deem to be important or difficult matters discussed at party committee meetings or approved by the secretary. If the masses wish to voice their opinions or demands, or complaints about matters handled by the administrative leaders, they will want to see the secretary. If they cannot contact him, they will think that they have not brought their problems to the attention of the most important person, and will feel dissatisfied. These things give rise to the categories of consequences.

The first category is that all matters must be discussed and decided upon by the party committee, so that it has become an administrative body. Although the present system stipulates that important matters of the enterprise must be discussed and decided upon by the party committee, there is great flexibility in deciding what important matters are, and it is difficult to make a clear classification in practice. For example, if the whole party grasps birth control, then birth control will be an important matter. The allocation of housing and the readjustment of wages are related to the staff and workers' immediate interests. If these matters are not handled well, the staff and workers' enthusiasm will be affected. These are of course important matters. Environmental protection and industrial safety are also important matters because they are related to the staff and workers' physical and mental health. Therefore, in practice, it is very difficult to distinguish important matters from trivial ones that need not be discussed by the party committee. Very often, all matters, important and trivial, are presented for discussion at party committee meetings. Some people are afraid to offend others or to shoulder responsibilities. They require the party committees to decide on matters on which they should make decisions personally. They take the party committees as "shields for protection against blame." Because all matters must be decided upon by party committees, there have been a deluge of party committee meetings. The party committee of Shenyang Enamelware Factory convened 32 meetings in the third quarter of last year. On the average, a meeting was convened once every 2 or 3 days, if holidays were not taken into account. A total of 157 subjects were discussed, out of which 31, or merely 20 percent of the total, were connected with party work. The rest were related to production or administrative work, and moreover, the majority of them were specific problems within the functions and powers of the administrative departments. The party committee very seldom grasped its own construction or political and ideological work. The party members played their exemplary role poorly, and the staff and workers had numerous ideological problems. In the fourth workshop, three successive meetings for reelecting the general branch of the league had been abortive, because the league members did not like to attend the meetings and less than half of them were present. The workshop branch of the party also did not pay any attention to this matter. Thus, it can be seen that the undertaking of everything by the party committee greatly weakens the work of the party.

Another category of consequence is that because the secretary must take command over everything, he becomes the general head of all affairs and is in charge of everything. Under the present system, the party committee has been established as the supreme organ of power in the enterprise, and the secretary has become the number one man, while the factory director is number two, or even number three or four. Therefore, the secretary must take command over all matters, important or trivial, and every kind of work. He takes command in the birth control committee, patriotic committee, civil disputes mediation committee and so on. He is the group leader of various leading groups by a multitude of names, such as those responsible for assessing wages, promotion, the stocktaking of assets, the auditing of funds, staff and workers' education and so on. Otherwise, it will be considered that the party committee does not pay attention to certain kinds of work, or that party leadership is not exercised. The secretary must also attend meetings convened by higher authorities and departments in charge of various trades. He must also attend and deliver speeches at various kinds of administrative work conferences convened in the factory. Because the secretary takes command and has the say in everything, he is actually above various organizations. Consequently, the phenomenon of "what I say goes" and the "patriarchal system" have inevitably emerged. Party leadership has given way to a single person deciding everything. The party's organizational principle has been radically violated. This situation can be attributed to the personal working styles of the secretaries, but has mainly been caused by the system.

This situation of the party committee discussing everything and the secretary taking command over everything is a general phenomenon among the enterprises on the industrial and communications fronts in Shenyang, though the degree of seriousness varies. If we say that allowing the party committee to wield greater power, to be in charge of a greater number of matters and to have the say in everything is favorable to strengthening party leadership, then it follows that the more numerous the things undertaken by the party committee, the stronger will be the leadership. However, the opposite case is true in reality. The units in which the leading role of the party committee is satisfactorily brought into play and ideological and political work is grasped satisfactorily are those in which the party committees have interfered to a smaller extent in administrative affairs. The same is true of an enterprise. Party leadership is really strengthened not when unified leadership is in practice, but when the party is preliminarily separated from administration.

Will production be affected when the party committee ceases to take production and administrative work into its own hands? Not at all. When the system of direction over production has been strengthened, so that the factory director has begun to exercise his functions and powers, and to pay attention to bringing the role of specialists into play, production has improved, and in particular, economic results have become prominently good. Over the past 3 years, the profits turned over to the state by the Shenyang Smelting Works have increased by 10 million yuan annually, at an average annual rate of 30 percent. In particular, very marked successes have been achieved in the tackling of pollution. Over the past 3 years, 50 environmental protection projects have been accomplished. The recovery of resources from the "three wastes" alone has created a value of 17.29 million yuan for the state.

III. When the Leadership System Has Been Reformed, How Can We Work To Improve and Strengthen Party Leadership

How should we reform the system? If the reforms have been carried out, how should the party committee work so that the improvement and strengthening of party leadership over the enterprises can be insured? These are also problems which we must solve in our experimentation. If they are satisfactorily solved, in the future, the resistance to popularizing a new leadership system will be reduced. Because we still lack relevant experiences, we can only discuss several questions that we have considered preliminarily.

/1. We must clearly understand the role and tasks of the party committee of the enterprise with regard to the system./ When the reforms have been carried out, the party committee of the enterprise will no longer execise direct command over or issue orders concerning production and administrative work, and will no longer have the power to make decisions on or veto the work of the staff and workers' congress. However, the entire enterprise must be subjected to leadership and must have a core which can unify various aspects. This core can only be the party committee of the enterprise. Therefore, when the reforms have been carried out, it must be clearly declared that the party committee is the core of leadership of the enterprise. In the regulations governing the work of the staff and workers' congress and of the factory director, it must be stipulated that politically they must be led by the party committee, and their implementation of the party's line, principles and policies must be supervised by the party committee. Playing the role of the leadership core means that the party committee must rally the system of production and administration, the staff and workers' congress, the trade union, the communist youth league and the whole staff of the enterprise round the party, and must unify the ideology of various organizations and the whole staff on the basis of the party's line, principles and policies, so that their efforts will follow the same orientation and they will vigorously do a good job of running the enterprise with one heart. The party committee must exercise political leadership over the work of various organizations, must coordinate their work, and must resolve the contradictions among them.

We think that the party committee of the enterprise should perform four main tasks when the reforms have been carried out.

1. The party committee should lead the whole staff to become masters and to do a good job of managing the enterprise. As the core of leadership, the party committee of the enterprise should take as the objects of its leadership not only the factory director, the staff and workers' congress, the trade union and the communist youth league, but also the whole staff. Under the present system, the party committee very often stresses exercising control over the factory director and over administrative work, and often neglects mass work and leadership over mass organizations. After the implementation of reforms, the party committee must extend its field of vision, must take the whole staff of the enterprise into consideration, and must lay its emphasis on mass work.

2. The party committee must insure the implementation of the party's line, principles and policies at the enterprise. To achieve this, the party committee must, for one thing, conscientiously study and understand in depth the line set by the party; and for another thing, it must go deep into the realities, carry out investigation and research, and master the actual situation of the enterprise and the tendencies and morale of the masses. By integrating these two categories of work, it will be able to clearly recognize which decisions of the staff and workers' congress or of the factory director are correct, and which of their decisions are incorrect. It must require all party members and appeal to the whole staff to vigorously implement correct decisions. It must insure the implementation of such decisions. It must also criticize incorrect decisions and propose ways of rectification.

3. It must correctly handle relations of material interests among the state, the enterprise and the individual. The party committee must insure that the enterprise is subjected to the guidance of state planning, turns over profits as stipulated, and pays taxes. The enterprise must gradually enhance collective welfare for the staff and workers and raise personal income, on the condition that accumulation for the state is continually increased.

4. The party committee must do a good job of ideological and political work, fully mobilize the enthusiasm of the staff and workers in production, and promote the continued development of production. These constitute a regular and very important task of the party committee of the enterprise. If this task is performed well, the political quality of the contingent of staff and workers can be improved, the relationship between the cadres and the masses can be satisfactorily coordinated, and the staff and workers' enthusiasm in production can be mobilized.

It will not be easy for the party committee to perform these tasks really well. When the reforms have been carried out, the demands on the party committee will be greater, instead of smaller; its burden will become heavier, not lighter.

/2. There must be a relatively great change in the composition of the party committee membership./ Because after the reform, the tasks, contents and objects of the party committee's work will change, the composition of the party committee membership should also change. We envisage that after the reform, it will be sufficient for two or three persons among the factory director and deputy factory directors to become members of the party committee. In particular, it is better for the factory director not to be concurrently the deputy secretary. Thus, the factory director will be able to concentrate his energy to do a good job of grasping production and administrative work. The secretary of the discipline committee, the heads of the propaganda department, organization department and party committee office, as well as the leading cadres of the staff and workers' congress, trade union and communist youth league, who perform political work, may become party committee members. Thus, when studying the party's work, they will all understand the situation and have the right to speak. Ideological and political work will be strengthened, and the party committee of the enterprise will consequently be able to play its role more satisfactorily.

/3. The party committee's methods of work must be changed./ After the reform, the party committee will change over from administrative leadership to ideological and political leadership. The intentions of the party committee will be implemented mainly through ideological and political work and through the party members' vanguard exemplary role. The party committee will be unable to issue orders for the factory director and administrative departments to obey, but may pose demands on party members who are responsible for various functions of administrative leadership. The resolutions of the party committee will have binding force on party members, and the observance of these resolutions will be insured by party discipline. Party members responsible for various administrative duties must also frequently report to the party committee or party branch the conditions of their work and their ideological conditions. They must solicit the opinions of the party committee or the party branch beforehand, and must accept the leadership of party organizations, whenever they make major decisions. Some comrades have said: "What shall we do if party members in charge of administrative duties do not comply with the views of the party committee on major issues?" This will not happen in ordinary circumstances. Even if this happens, the relevant party organization may report this to higher-level party organizations, and then the higher leading bodies will absolutely be able to solve the problem by the method of administrative intervention. Moreover, the party organizations may punish party members who do not fulfill party members' obligations or do not observe discipline, and may even expel them from the party. Therefore, it is unnecessary to worry about party members not respecting the views of the party committee. Especially, after the reform, the party committee will be able to concentrate its efforts on grasping the building of itself, so that this will be less likely to happen. Moreover, although the party committee will not exercise direct leadership over the staff and workers' congress, the former may influence the latter through party members among the representatives of the staff and workers, and insure that the latter makes correct decisions according to its intentions. Prior to or during the convention of the staff and workers' congress, the party committee may group the party members together, put forward its demands on them, clearly state the views of the party committee on the matters on which the staff and workers' congress is to make decisions, and require the party members to influence other representatives according to its demands. At meetings of the party, party members may really voice their personal opinions. However, at the staff and workers' congress, they can only act according to the requirements of the party committee, and must not practice liberalism. Some comrades have said: "Even if the party committee has set demands on the party members, and party members who are also representatives of the staff and workers have also worked vigorously, the decisions made at the staff and workers' congress may still be at variance with the views of the party committee. Then, what shall we do? Under this situation, whom should we listen to?" We say that even if this happens, the party committee will still be unable to alter the resolutions of the staff and workers' congress. On hearing this, some people will say: "Then, how can the political leadership by the party committee be realized?" We can do some analysis, and can discover three types of situations. First, the views of the party committee are correct. However, because it has not worked proficiently, its views have not been accepted by the majority of the masses. If the issue in question does not involve major questions of principle, we will have to wait a certain period of time. Before the masses have the necessary consciousness and appropriate demands, we must not force them to do some desired thing. This is also a principle according to which our party deals with the masses. Second, the views of the party committee are erroneous. If erroneous views are not accepted and are corrected before they are put into practice, is it not desirable? Third, the resolutions of the staff and workers' congress go against the party's line, principles and policies or the stipulations by higher authorities. Then, the party committee will have to persuade the factory director not to implement the resolutions of the congress for the time being, and will have to report this to higher authorities, requesting them to give their ruling.

Of course, after the reform of the system of leadership over the enterprises, the party committee's work will not be limited to the items mentioned above. It will also have to satisfactorily grasp the building of itself, rectify unhealthy tendencies, fully bring the party members' vanguard exemplary role into play, satisfactorily grasp the building of the grassroots organizations and party branch, bring the role of the party branch as a combat bulwark into play, and so on. To sum up, the party committee will have a great deal of work to do and its leadership over the enterprise absolutely can be strengthened. We are confident of doing a good job of experimenting on reforming the system of leadership over the enterprises, and are confident of answering relevant questions by means of practice.

CSO: 4006/448

AGGREGATE ECONOMIC DATA

NATIONAL, PROVINCIAL-LEVEL AGGREGATES

[The following selected national and provincial-level aggregate economic data have been extracted from various media sources as indicated. In the abbreviations below, GVIO = gross value of industrial output, GVAO = gross value of agricultural output, and GVAIO = gross value of agricultural and industrial output.]

NATIONAL AGGREGATES

Item	Date; or period of comparison	Increase	Value, in billion yuan	Percentage of plan fulfillment	Source
GVAIO	1980:1979	7.2%	661.9	103.2	1
National income	1980:1979	6.9%	363		1
GVIO: Light industry	1980:1979	14.3%	96.1		3
GVIO: Light industry	1981:1980 Jan-Jun	11.6%	125.2		4
Television (sets)	1981: end-Jun			57	5
	1981:1980 Jan-Jun	67%			5
GVIO: Textile industry	1981:1980 Jan-Jun	14.93%	36.83		7
Total export/import	1981:1980 Jan-Jun	18.8%	30.4		6
Export	1981:1980 Jan-Jun	14.9%	14.86		6
Import	1981:1980 Jan-Jun	22.7%	15.6		6

PROVINCIAL-LEVEL AGGREGATES

Province	Date; or period of comparison	Increase	Value, in yuan	Percentage of plan fulfillment	Source
Beijing	1981:1980 Jan-Jun	GVIO: -2.3%			5
	1981:1980 Jan-Jun	Light-Textile industry: 8.5%			5
Fujian	1980:1979	GVAIO: 10.49%	11.681 billion		8
	1980:1979	GVAO: 8.11%			8
	1980		4.133 billion		8
	1980:1979	GVIO: 11.87%			8
	1980		7.55 billion	2.3% over plan	8
	1980:1979	Light industry: 15.54%			8
	1980		4.65 billion		8
	1980:1979	Heavy industry: 6.38%			8
	1980		2.9 billion		8
	1980:1979	Gross value of exported goods: 47.52%			8
	1980		361.4 million	19.21% over plan	8
	1980:1979	Gross value of imported goods: 101.06%			8
	1980		44.61 million		8
	1981:1980 Jan-Jun	GVIO: 2.8%		49.9% of annual plan	9
	1981:1980 Jan-Jun	Light-Textile industry: 7%			9
Guangdong	1981:1980 Jan-Jun	GVIO: 11%			10
	1981:1980 Jan-Jun	Light industry: 16.9%			10
	1981:1980 Jan-Jun	Total savings deposit: 379 million yuan			11
	1981: Jan-Jun		1.82 billion		11
Hunan	1981:1980 Jan-Jun	Textile industry	820 million	53% of annual plan	12

PROVINCIAL-LEVEL AGGREGATES (Cont.)

Province	Date; or period of comparison	Increase	Value, in yuan	Percentage of plan fulfillment	Source
Jiangxi	1981:Jan-Jun	Gross value of industrial-communications output	4,288 million		13
	1981:1980 Jan-Jun	Light industry: 10.8%	2,225 million		13
	1981:1980 Jan-May	GVIO: 4.6%	900 million (over plan)		14
Shanghai	1981:1980 Jan-Jun		31.3 billion	48% of annual plan	5
Tianjin	1980:1949	GVAO: 9.1-fold			15
	1949		149 million		15
	1980		1.498 billion		15
	1980:1950	Social commodity turnover: 7.3-fold			16
	1950		445 million		16
	1980		3.699 billion		16
	1980:1953	Gross value of exported commodities: 5.9-fold			16
	1980:1949	No of workers: 7.6-fold			17
	1980:1952	Average wages: 52.2%			17
	1952		573		17
	1980		872		17
	1981:1980 Jan-Jun	GVIO: 4.5%	10.226 billion	49.7%	18
	1981:1980 Jan-Jun	Light industry: 13.3%			18
Sichuan	1981: Jun over May	GVIO: 8%			2
Zhejiang	1979:1978	Light-textile industry: 17.1%	8.8 billion		19
	1980:1979	30.4%			19
	1980:1949	GVAIO: 10.13-fold			20
	1949		2.474 billion		20
	1980		27.543 billion		20

PROVINCIAL-LEVEL AGGREGATES (Cont.)

Province	Date; or period of comparison	Increase	Value, in yuan	Percentage of plan fulfillment	Source
Zhejiang (Cont.)	1980:1949	GVIO: 27.84-fold			20
	1949		660 million		20
	1980		19.036 billion		20
	1980:1949	Light industry: 17.47-fold			20
	1949		623 million		20
	1980		19.036 billion		20
	1980:1949	Heavy industry: 202.46-fold			20
	1949		0.37 million		20
	1980		7.528 billion		20
	1980:1949	Electric energy (KWH): 138.07-fold			20
	1980:1949	Raw coal (wt): 1,429-fold			20
	1980:1949	Railway (mileage): doubled			20
	1980:1949	Highway (mileage): 8.95-fold			20
	1980:1949	Inland waterway (mileage): 1.97-fold			20
	1981:1980 Jan-Jun	GVIO: 14.3%	10.317 billion	51.6%	22
	1981:1980 Jan-Jun	Light industry: 22.5%			22
	1979:1949	Average consumption level per person: 2.65-fold			21
	1949		62		21
	1979		226		21
	1980:1946	No of workers: 10.36-fold			21
	1980:1957	Average wage: 0.48-fold			21
	1957		523		21
	1980		772		21

FOOTNOTES

1. Chengdu SICHUAN RIBAO 30 Apr 81 p 1
2. Ibid., 10 Jul 81 p 1
3. Beijing JINGJI GUANLI [ECONOMIC MANAGEMENT] No 5, 15 May 81 p 3
4. Shanghai JIEFANG RIBAO 7 Jul 81 p 1
5. Hong Kong CHING-CHI TAO-PAO 15 Jul 81 p 13
6. Beijing RENMIN RIBAO 14 Jul 81 p 1
7. Ibid., 15 Jul 81 p 2
8. Fuzhou FUJIAN RIBAO 5 Jul 81 p 2
9. Hong Kong ZHONGGUO XINWEN 11 Jul 81 p 1
10. Guangzhou NANFANG RIBAO 10 Jul 81 p 1
11. Ibid., 13 Jul 81 p 1
12. Changsha Hunan Provincial Service in Mandarin 8 Jul 81
13. Nanchang Jiangxi Provincial Service in Mandarin 10 Jul 81
14. Nanjing XINHUA RIBAO 30 Jun 81 p 2
15. Tianjin TIANJIN RIBAO 27 Jun 81 p 1
16. Ibid., 28 Jun 81 p 1
17. Ibid., 29 Jun 81 p 1
18. Ibid., 4 Jul 81 p 1
19. Hangzhou ZHEJIANG RIBAO 22 Jun 81 p 1
20. Ibid., 4 Jul 81 p 4
21. Ibid., 5 Jul 81 p 3
22. Ibid., 8 Jul 81 p 1

CSO: 4006/429

FINANCE, TRADE SECTOR ADOPTION OF RESPONSIBILITY SYSTEM URGED

Taiyuan SHANXI RIBAO in Chinese 12 Jun 81 p 1

[Article by reporters and correspondents: "Finance and Trade Sector Should Learn From the Experiences of Responsibility System in Agriculture as Pointed Out by Comrade Wu Guangtang [1976 0342 3272] in a Report Meeting of Provincial Finance Committee"]

[Text] In the report meeting held by the Provincial Finance Committee in Taiyuan in the morning of 8 June, Comrade Wu Guangtang, vice governor of the province, delivered a report and called on the finance and trade sector throughout the province to follow the example of agriculture in promoting the system of responsibility for business management. Among the participants at the meeting were assistant directors, vice mayors and more than 1,000 leading cadres of the finance and trade sector of Taiyuan.

Comrade Wu Guangtang pointed out: Since the 3d Plenum of the 11th Party Central Committee, the practice of various forms of a responsibility system in the vast countryside has aroused the enthusiasm of the broad masses of cadres and people in production, and has resulted in a rapid agricultural recovery and development. There has also been marked improvement in the peasants' living conditions. Spring plowing and sowing for the current year were completed quickly and efficiently. Some people have said in elation: "Consideration for production [in remuneration] means consideration for morale, because morale is essential to production" and "if production quotas are fixed for households, every household will have a cadre."

In a national industrial and communications conference held by the State Council in Shanghai in April 1981, it was decided that an all-out effort be made to promote the system of responsibility for industrial production. The finance and trade sector throughout the province, particularly the commercial, supply and marketing, and food units should follow the examples of agriculture and industry and actively promote various forms of a responsibility system. If we say that the enforcement of a responsibility system in agriculture marks a strategic decision and a turning point in rural work, then we can say with equal justification that the promotion of a system of responsibility for business management marks a turning point as well as an important reform in the work of finance and trade.

In the past, the practice of "eating out of the same pot" and equalitarianism was quite prevalent in business management on the finance and trade front. In a certain restaurant, there were 5 persons engaged in baking sesame seed cakes, and only 19 jin of flour was used each day. Marx' "Critique of the Gotha Program" contains this line: "The individual producer receives back from society--after the deductions have been made--exactly what he gives to it." According to Marx' concept, how much should be the average daily wages for these five persons after deductions? Probably not very much! Then how can there be any labor efficiency, economic results or social accumulation to speak of! How can there be such a situation? The main cause is that the principle "to each according to his work" was not followed. Consequently, whether an enterprise is managed efficiently or poorly, or whether it makes or loses money has no bearing on the workers' economic benefits, and these workers pay no attention to the result of the enterprise's business operation. A worker's income cannot be increased because of his outstanding work performance; nor can his income be reduced because of his poor performance. Then how can the enthusiasm of the broad masses of workers and staff members be aroused?

Comrade Wu Guangtang continued: Since last year, many finance and trade units in the province, such as the Supply and Marketing System of Anze County, the First Retail Department Store of Yuci Municipality, the Food Service of the Supply and Marketing Cooperative in Linfeng County, the Yangshungou Branch of Weizhuang Supply and Marketing Cooperative in Xiangning County, the Datong Hotel of Datong Municipality, the Yuci County Food Company, the food service of Lingshi and Yuxian Counties, the Food Service Company of Pingding County, and the Textile Department Store of Jishan County, have learned from the experiences of the rural areas and set up various forms of system of responsibility for business management. Their concrete methods can be summarized into six different types: first, responsibility for profits and sharing of surplus profits; second, establishment of work quotas, reward for above-quota work, and wage deduction for failure to fulfill quotas; third, the floating wage system under which regular pay, which is the major portion, is supplemented by a minor portion taken from retained profits; fourth, responsibility for an assigned quota and remuneration according to sale (or production) results; fifth, responsibility for loss beyond the approved limit, and such loss will not be made good, however, any loss within the approved limit will be compensated for, and the compensation fund is at the enterprise's disposal; and sixth, responsibility for a set profit quota with rewards for above-quota profits and punishment for failure to fulfill the quota. These units have in practice shown remarkable results.

We should learn something from these experiences and unswervingly promote the system of responsibility for business management in various forms. Following in old ruts or sticking to the old rules and conventions will not provide any good way out. We must emancipate our minds and carry out bold reforms in the light of each unit's actual conditions. Any of the above six concrete methods can be used. For example, ordinary commercial enterprises can adopt the method of responsibility for a set profit quota and proportionate sharing of above-quota profits, and keep up this method for several years. After fulfilling the profit quota, the enterprise can share the above-quota profits with the state. The proportion of the enterprise's share can vary according to different trades, and this share of profits is entirely at the enterprise's disposal. All enterprises practicing the system of responsibility for profit quota should also adopt the system of rewards which, however, should conform to the state's unified regulations. The collectively owned commercial enterprises can also adopt the year-end bonus system in addition to offering rewards according to regulations.

For enterprises operating at a loss in the implementation of state policies, the system of responsibility for loss beyond the approved limit should be practiced. The enterprise will be held responsible for such loss, but there will be compensation for any loss within the approved limit. Part or all of the compensation funds will be at the disposal of the enterprise.

Small or medium-size enterprises can try out the method of paying taxes rather than handing over profits to the state, provided the state's financial revenue is assured. This means that the state can levy income tax from these enterprises. The portion left over after tax payment can be used as enterprise funds or as rewards or welfare funds.

The enterprise can also practice the system of responsibility among the workers and staff members. Some enterprises can adopt the system of responsibility for profit quota; some can enter into contracts with work groups or even individual workers. Some basic level enterprises have already adopted such systems which are particularly effective for photo studios, barber shops, bath-houses, restaurants, vegetable dealers, and laundry and dyeing, repair and sewing trades. Contracts containing specific stipulations concerning the economic indices, the duty and responsibility and the state policies to be implemented, should be signed by the contracting parties.

The enterprises should practice the piece-work system to the maximum extent, if they are in a position to do so. Those which are paying taxes instead of handing over their profits to the state can use the floating-wage system instead of giving any reward. In collectively owned enterprises, the wages and fringe benefits of the workers and staff members can be the same as, or even more than, those given to the personnel of state-run enterprises of the same trade.

The principle "to each according to his work" should be adhered to in the use of reward funds, and equalitarianism should be positively opposed. Generally, the workers and staff members on the first line of production deserve higher rewards than those working in the administrative departments. The difference of the types of work and in working conditions should also be considered. Therefore, those doing dirty and tedious work, and those working under very poor conditions should be better rewarded in order that the money thus spent can serve the purpose of spurring the advanced elements and arousing the enthusiasm of the workers and staff members.

9411
CSO: 4006/417

GUANGDONG REVENUE INCREASED IN FIRST HALF OF 1981

Guangzhou NANFANG RIBAO in Chinese 9 Jul 81 pp 1, 3

[Article by correspondent: "Guangdong Financial Income in First Half of 1981 Increased by More Than 10 Percent Over Same Period of 1980--Remarkable Success of 'Cooking in Separate Kitchens'"]

[Text] By the end of June, Guangdong's revenue was already 53.6 percent of the amount in the annual budget adopted by the Provincial People's Congress, showing an increase of 11.89 percent or 220 million yuan over the same period of 1980. Three municipalities--Guangzhou, Shenzhen and Zhuhai--five prefectures--Foshan, Shantou, Zhanjiang, Huiyang and Shaoguan--and all enterprises under the provincial jurisdiction overfulfilled the plans included in the annual budget.

This is the 1st year of "Cooking in Separate Kitchens," a system of financial management enforced by the provincial authorities among all prefectures, municipalities and counties. Party committees, government bodies and economic departments at all levels have earnestly implemented the Central Committee's policies and the whole set of resolutions of the State Council concerning economic readjustment. They have done a great deal of work, surmounted many difficulties, and achieved marked success. The economic situation throughout the province is excellent. In the first half of 1981, the province's total industrial output value increased by 11 percent over the same period of 1980, including a 16.9 percent increase of light industrial output value. Because of increased production, the market has become brisk while foreign trade and economic cooperation with foreign countries developed rapidly. All these have provided favorable conditions for an increase in revenue.

The provincial authorities have also carried out a vigorous campaign to check on tax evasion and to remind the units concerned of the need to pay taxes. In the first half of 1981, 55.4 percent of the annual plan for industrial and commercial taxation was fulfilled, showing an increase of 14.16 percent over the same period of 1980.

According to information received, the province still has certain problems organizing revenue. The main problem is that some state-run industrial enterprises fail to show satisfactory economic results. There is an increasing number of enterprises operating at a loss, and the total amount of losses is also increasing. Consequently, the profits handed over to the government have declined. The departments concerned have expressed the hope that the leading organs at various levels will adopt strong measures to help these enterprises turn losses into profits in order that increased production will mean increased revenue and the plan for handing over profits to the state can be fulfilled.

9411
CSO: 4006/417

SHANXI STRESSES NEED FOR CURRENCY CIRCULATION CONTROL

Taiyuan SHANXI RIBAO in Chinese 8 Jun 81 p 1

[Article by correspondents Wang Yikai [3769 0001 7030] and Liu Feng [0491 6912]: "Strictly Control Currency Issuance and Vigorously Organize Currency Withdrawal--Shanxi Province Held First Conference To Analyze Situation of Currency in Circulation"]

[Text] The first conference held to analyze the situation of currency in circulation ended on 24 May. The participants at the conference pointed out that although the situation of currency circulation in the first 4 months of 1981 in the province was better than expected at the beginning of the year, great efforts on the part of the people's banks at various levels are still required to control the irrational issuance of currency and to organize the withdrawal of currency from circulation, in order that the plans for the control of currency issuance for the first half and the whole of 1981 could be fulfilled.

To insure that currency issuance could be kept within the planned limit for the first half of 1981, the conference urged the banks at various levels to continue the implementation of the readjustment policies and to strengthen their credit control. While controlling irrational currency issuance, these banks were also urged to organize large-scale currency withdrawals. Great efforts should be made to support the industrial sector in increasing the production of consumer goods for daily use, goods with more different designs and varieties, and the production of readily marketable commodities for the urban and rural areas. The production of these goods will provide a stronger material basis for the withdrawal of currency. Support in the form of funds and accounting should also be given to the commercial sector so that it will have more sources of goods. Such economic levers as bank credit and interest rates should be used to reduce stockpiling and to dispose of certain problem goods so that the potentials, now being kept in warehouses, could find their way to the market and thus help in currency withdrawals. Support should also be given to the development of "tertiary industries" so as to expand currency withdrawal with noncommodity means. The network and stations for people's savings deposits should be increased and there should be more personnel with better attitudes toward work, to provide better service. This will absorb more idle funds from the community. Cash control should also be strengthened particularly in the rural areas. The lavish payment of wages, bonuses and welfare allowances should be stopped so as to eliminate all unjustifiable transactions and to reduce cash payments.

9411
CSO: 4006/417

BRIEFS

GANSU SEMI-ANNUAL EXPENDITURES--Compared with the corresponding 1980 period, Gansu Province's expenditures in the first 6 months of 1981 declined 13.52 percent. [Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 3 Aug 81]

CSO: 4006/444

ENERGY

HYDROPOWER CONSTRUCTION ACHIEVEMENTS IN 1980 LISTED

Energy Commission Official's Interview

Beijing SHUILI FADIAN [WATER POWER] in Chinese No 4, 12 Apr 81 pp 3-5

[Interview: "Speed Up Hydropower Construction in China by Giving Full Scope to Our Superior Energy Resources--Li Rui [2621 6904], Deputy Director of State Energy Commission and Vice Minister of Electric Power Industry, Answers Questions From our Correspondent"]

[Text] Question: What are the achievements in hydropower construction and production in our country?

Answer: In 1980 we achieved heartening results in hydropower construction by implementing the line of the Third Party Plenum, which marked a turning point after 10 years of turmoil. The main achievements are as follows:

1. New achievements following the general survey of our national hydropower resources during 1977-1980: We discovered a hydropower reserve of 680 million kilowatts, which is approximately 100 million kilowatts above what was discovered following the general survey in the 1980's. The installed capacity of what can be exploited and utilized was 370 million kilowatts, with an annual generation of 1.9 trillion kilowatt-hours. The latest general survey further proved that we have very abundant water resources. This is very encouraging news.

2. New achievements in the construction of hydropower stations: Following the successful damming projects for the Longyangxia Hydropower Station, we completed three more damming projects--for the Gezhouba, Dongjiang and Dahua hydropower stations--in 1980 and early 1981. The Gezhouba Hydropower Station, the first large one on the main channel of the Changjiang River, is being designed and built by the Ministry of Water Conservancy, and the success in damming symbolizes a great step forward in hydropower construction in our country. This was also a prerequisite for the inauguration of power generation and navigation in July 1981. In 1980, the construction of large and medium-size hydropower stations in our country involved a total of 25.59 million cubic meters of earth and stone work and 2.51 million cubic meters of poured concrete.

3. A large hydropower station in the southwest--the Wujiangdu Hydropower Station, which has been formally commissioned--and three medium-size ones, namely the Hunanzhen, Taipingxiao and Chitan stations. The equipment for these three stations

has been completely installed, and their installed capacity reaches 480,000 kilowatts. By the end of 1980, the total installed capacity of our hydropower stations (including large, small and medium-size ones) already exceeded 20 million kilowatts.

4. In 1980, the volume of generated hydropower throughout the country was more than 8 billion kilowatt-hours over that of the previous year, an increase of 16 percent. This is a fairly large increase in hydropower generation in our history, and means a saving of approximately 4.8 million tons of coal. Because of the violation of principles of normal reservoir operation during the 10 years of turmoil, many hydropower stations were for a long time operating at low water levels. After the 2 years of readjustment, starting in 1980 the majority of hydropower stations in the country basically resumed operation at the normal water level. In 1980, our country suffered from flooding in the south and drought in the north; yet, on the whole, it was a year of fairly good harvest. The electric power stations at various levels paid greater attention to their operation, further streamlined the power grid systems, emphasized the need for strict compliance with the orders concerning the control of water levels, and implemented the "Tentative Regulations for the Economic Operation of Hydropower Station Reservoirs" issued by the State Economic Commission. The task of power generation for the whole year was duly carried out at each and every level. Thus, favorable conditions were created for the full utilization of water energy, reduced water consumption and greater power generation.

5. The advance work of hydropower construction has made new progress. The rebuilding of the East China, Central-South and Northwest Survey and Design Institutes, which were wrecked or downgraded during the 10 years of turmoil, also made certain progress, and all the institutes began to concentrate their manpower and material resources on carrying on their work during their reconstruction under crude conditions. In 1980, the hydropower survey and design units directly affiliated to the ministry completed seven planning reports, six damsite selection reports and five preliminary designs. In the same year, 1,126 holes totaling 82,000 meters, were drilled with machinery; 272 holes, totaling 2,600 meters were drilled using indigenous methods; and 12,000 meters of adits and 79,000 meters of troughs were excavated.

Question: What are the plans for hydropower construction in view of the further readjustment of the national economy?

Answer: Despite the state's financial difficulties, full consideration has been given to investments in the electric power industry. This is a fairly clear indication of the central government's strategic policy for energy development. While implementing the central government's readjustment policy and continuing to eliminate the "leftist" influence, we should make conscientious efforts to perform our duty well in the following respects:

1. Strive to manage and operate the existing hydropower stations efficiently. Although the development of hydropower has been slow in the past 30 years for various reasons, our existing hydropower stations still have a total capacity of more than 20 million kilowatts (more than 100 times that of the early post-liberation period). This is quite an achievement, and should serve as a base for the continued progress of our hydropower undertaking. We gained very good results in

the economic operation of hydropower stations last year. Hereafter, we will continue to implement the "Tentative Regulations for the Economic Operation of Hydropower Station Reservoirs." As conditions permit, we will use the best possible form of administration, strengthen the unified control of power grids and the coordination of thermal and hydropower stations, and practice energy conservation to the maximum extent. At the same time, we will pay attention to the maintenance and repair of buildings for hydropower engineering and of the machinery and power equipment, with particular reference to security inspection at large dams and other important buildings. At present the power generating equipment of some hydropower stations is not functioning efficiently. As a result, there have been quite a number of accidents requiring frequent inspections and repairs. This causes a huge loss of energy and the situation should be studied and improved through coordination of our efforts with those of the machinery and power equipment manufacturing departments.

2. Pay close attention to the projects still under construction and be sure that they can safely withstand the seasonal flooding. Altogether there are 22 large and medium-size hydropower stations under construction in 1981, with a total capacity of 10 million kilowatts. There has been some reduction in investments in hydropower construction this year; we must consider the state's difficulties and make the best use of the investments. While insuring that their work is of high quality, all units having enough production tasks should plan for the progress of their work in a rational way and in accordance with established policies in order to fulfill their construction tasks for the current year. Those units not having enough production tasks should try to look for more work on their own at the same time doing a good job of the tasks they have already been assigned by the state. They must try to reduce losses resulting from work stoppage. All projects should be meticulously completed so that nothing whatsoever is left undone. In this way, the projects will be ready for operation soon after the delivery checks. In dealing with projects under construction, we must conscientiously draw our lessons from the projects in Wujiangdu and Huanglongtan, and work out meticulous plans to combat flooding. The four major projects--Gezhouba, Longyangxia, Dongjiang and Dahua--include the building of cofferdams to check the water flow. We can never afford to be careless in these projects. The task of flood control at the Wujiangdu and Baishan projects is quite arduous. We must take every precautionary measure by planning our work well in advance, strengthen the system of reporting on the flooding, have all flood-control equipment ready, and improve the organization of flood-prevention work by providing more active leadership in order to cope with flooding effectively.

3. Do our advance work well for hydropower construction. One of the obvious problems in our hydropower construction is the poor quality of our advance work. This is the result of the abolition, downgrading and "smashing" of the survey, design and scientific research organs. Although the number of projects to be started was greatly reduced during the period of readjustment, advance work is still of great importance. In addition to carrying out the design work for the present projects, we must also prepare for future developments in the way of planning and design. Investments in the reconstruction of the three design institutes have been reduced. We hope all the workers and staff members of the units concerned will consider the state's difficulties and endeavor to do their work well in respect of both quantity and quality, despite the difficult working condtiions. In the current year, the state has allocated more funds for prospecting for water resources so

as to speed up the advance work. In order that these funds can be fruitfully used, we must strengthen our economic accounting system, enforce strict control, observe the financial and economic disciplines, and oppose waste, extravagance and other unhealthy tendencies.

In the selection of sites during the advance work period, we must change the former method of determining the site before planning and demonstrating its worth, since such a method is contrary to the procedures of capital construction. To insure a high quality of survey and design, we should strengthen our legislation and strictly observe the established standards so that our advance work will have a sound and reliable foundation.

Besides insuring the continued progress of the large and medium-size projects which are still under construction, the arrangements for hydropower survey, design and planning should also take into account some other large and medium-size projects which may be started in the near future. Also, in accordance with the present financial and material resources of the state and the need for electricity in various localities, we should look for some sites in places with favorable conditions for medium-size hydropower projects which require less investment and shorter construction periods, but yield quick returns. We should carry out the survey and design quickly so as to expedite the development of hydropower. It is hoped that all design institutes will work out a comprehensive arrangement for the work of survey and design for the current year and give full play to the enthusiasm and creativity of all the survey and design personnel.

4. Strengthen scientific and technological work. To speed up hydropower construction (including the advance work), lower the construction cost, and improve the quality of work and management, we must further step up our scientific study and experiments and strive to adopt and popularize new techniques. For this reason, we should see to it that the scientific organs for hydropower are adequately staffed and strengthened in order that science and technology can be given full play in survey, design, construction and production.

5. Attach great importance to quality and raise the level of management. We should carry out various basic tasks well, with high quality as our central goal. All units concerned should be well organized, and the various rules and regulations should be established and perfected as required. All units responsible for survey, design, construction and installation should respect science, abide by the rules and regulations, strengthen quality control, and cultivate in the workers and staff members the good workstyle of having a high regard for quality.

In the current year, we should further improve business management, strengthen the systems of quota production and financial and material control, follow the economic laws, be concerned with economic results, and increase our work efficiency. The General Bureau of Hydropower Construction should continue to provide good research classes in enterprise management, which are to be attended by the leadership and backbone elements of its directly affiliated bureaus and institutes.

6. Carry out plans for comprehensive utilization and for relocation of people. Throughout the past 30 years, workers in the hydropower sector have consistently attached great importance to the principle of comprehensive utilization of the

river courses. Because of disruptions from the "left" during the 10 years of turmoil, however, many problems have cropped up in this aspect of our work. In such matters as requisition of land and relocation of people, material supplies, posts and telecommunications, commercial undertakings and so forth, we have had many conflicts with the localities. We have not handled the problems of floating logs and navigation effectively. But a more serious problem has been that of people's relocation. We should make a real effort to solve these problems through consultation with the departments and localities concerned. There is an urgent need to set up rules and regulations, to be approved by the State Council and then relayed to the lower levels, so as to provide proper work guidance.

7. All engineering units should devote more effort to the establishment of rear bases. For 20 or 30 years workers and staff members at the worksites (including the field survey personnel) have worked and lived deep in the mountains and gullies where living conditions are harsh. They have had problems with the education and occupation of their sons and daughters, and with the separation between husbands and wives. These problems cannot be easily solved and have remained for a long time, thus creating instability in varying degrees. They can only be gradually ironed out in accordance with state policy, but the most important point is that good rear bases must be set up so that everyone can strive for the four modernizations with peace of mind.

8. Step up technical training. There is now a scarcity of young people qualified to take over the work of the old-timers in the technical force of hydropower construction. This situation should be quickly remedied. The main force in many survey and design institutes is now largely made up of people in their forties, fifties or sixties. Very few of them are around 30 years of age. It is an urgent task to train the young people in view of the serious problem of aging in the capital construction force. In the current year, we should take full advantage of our abundant manpower during the readjustment period to strengthen our training program for our young workers and young technicians. The old backbone elements should also learn something new in order to help solve the problem of technical renovation. All bureaus and institutes should work out their plans and arrangements for an overall improvement of the technical and professional force.

Question: Recently, SHUILI FADIAN No 2, 1981, carried the report, "The New General Survey and New Achievements of Our Water Resources." Please tell me about the significance of these new achievements to the four modernizations.

Answer: Some 2,700 persons throughout the country participated in the general survey of water resources. This survey lasted more than 3 years, from April 1977 to October 1980. The participating units realistically analyzed and studied more than 3,000 results of general surveys, prospecting, investigations, planning and design for water conservancy and hydropower. They also collected numerous data on hydrology and terrain, carried out repeat surveys or supplementary investigations of more than 1,400 large and small river courses totaling approximately 90,000 kilometers, and took measurements on more than 10,000 large and small river courses. On the basis of this gigantic task, the general survey determined theoretically the amount of our national water resource reserve and for the first time ascertained the water resources available for exploitation in the country. The result of this general survey reflects an in-depth study of our present water resources and is of great value to our country in working out realistic energy policies in the future. Moreover, it provides a criterion for the study of the energy pattern of various localities and the strategic layout for hydropower construction. Since there was no verified data on Taiwan Province, this general national survey did not include this province. We hope the hydropower workers in Taiwan Province will supply the data on Taiwan's water resources so it can be included in our future supplements.

Although many general surveys of our national water resources have been conducted in the past 30 years, this is the first one that has been able to determine and provide statistics on the resources that are available for exploitation. At present, only 40 percent of the resources specified in the general survey have been worked on in earnest, or exploited, the majority of them still await on-the-spot inspection. Hereafter, we should step up our study and investigation of the water resources that are ready for exploitation. Our study should not be confined to technical feasibility alone; more important still, we should also study the economic factors rationally. After study and investigation, we will be able to utilize our water resources economically. This will be the main task for our hydropower workers in their future study and investigation of water resources.

Question: What is the outlook for hydropower development in our country. What do you anticipate will be the hydropower situation in the year 2000?

Answer: Judging by the actual situation of our national energy resources, we can see that for a fairly long time to come we will depend mainly on coal and hydropower for electricity generation. Of course, nuclear power should also be included on our agenda, while the use of other sources, such as geothermal energy, wind power, tidal energy and methane, should also be studied. Water resources and coal are not evenly distributed in our country. Coal is mostly produced in the north and the east, while water resources abound in the south. Therefore, in accordance with the power structure ofour country, thermopower is mainly used in northern and eastern China. (In Zhejiang, Fujian and Jiangxi in eastern China, there are more than 10 million kilowatts of hydropower waiting to be exploited.) In the central-south, there is a combination of both thermal and hydropower. (Hydropower is more plentiful than coal in the central-south.) In the past 30 years, because of the fairly good foundation of our coal industry, the availability of railway and water transport, and the low cost of coal, it was more practical to develop thermopower. Furthermore, we did not consider the development of hydropower from a strategic point of view and we had to confine our activities within the limits of our annual investments. Thus the development of thermopower was faster than that of hydropower. Now, our coal production and capital construction have slowed down, the development in various regions has become more uneven, our railway and water transport facilities are severely strained, and there is hardly any prospect of increased petroleum output in the near future. Therefore, the development of hydropower has to be speeded up as an urgently needed solution to our energy shortage problem. People have realized that the development of hydropower is in line with the strategic policy of national economic development. The leading comrades among the central authorities have repeatedly pointed out the need to develop hydropower, and Comrade [Zhao] Ziyang in particular called it "a measure to promote the welfare of future generations." Therefore, the state should take some special investment measures to solve this long-standing problem. I believe that by following the formulation of this correct policy of the central authorities, there will naturally be great development of the hydropower industry in the future. In 1980, the volume of generated hydropower constituted 19 percent of the total power output, and we envision an increase of this proportion to approximately 30 percent. We must strive to attain this goal. If we have more funds, this plan can be even overfulfilled. I hope that the leadership of various localities and at various levels and in all trades and undertakings throughout the country will show their concern for hydropower construction and pool their resources to speed up the development of hydropower.

Gezhouba Engineering Project

Beijing SHUILI FADIAN [WATER POWER] in Chinese No 4, 12 Apr 81 pp 14-15

[Genearl Surveyof the Gezhouba Hydro Project"]

[Text] The Gezhouba engineering project on the Changjiang River is located approximately 3 kilometers below the Nanjinguan pass outside the three-gorge area, and serves an area of 1 million square kilometers, or 55 percent of the entire drainage area of the river. The damsite is located at that section where the river, after passing the narrow and deep gorges, comes to a broad and shallow basin. The surface of the river abruptly widens from 300 meters in the gorge area to 2,200 meters at the damsite. After passing the gorges, the river flows eastward and then abruptly turns south with its depth greatly reduced. There are two islets--Gezhouba and Xiba--in the middle of the river, dividing it into three channels, known as the main, second and third channels. Because of the rocky projections along the left bank at the Nanjinguan pass, the main current is deflected to the main channel at the right. The river basins in the second and third channels are higher, so water flows over them only during flood seasons. For many years, the average flow of water at the damsite has been 14,300 cubic meters per second, and the average runoff has been 453 billion cubic meters. According to historical records, the most serious flood occurred in 1870, with a flow of 110,000 cubic meters per second. The lowest water level is generally in February with a minimum flow of 2,700 cubic meters per second. For many years, the average amount of silt carried downstream has been 520 million tons each year. The geological structure at the damsite is formed of a combination of conglomerate rocks, siltstones, and clay-siltstones of the Cretaceous system, including some intermediate layers of bury. The rocky layer stretches out toward the left bank and is slightly biased toward downstream at a dip angle of 4-8 degrees. The clay-siltstones are rather brittle, decay easily, and are weak in abrasion resistance. The coefficient of friction between the small dip angle and the soft and weak intermediate layers is small, and this is the controlling factor in the stability and security of the construction structure.

The Gezhouba project mainly consists of the construction of ship locks, powerhouses, a spillway, scouring sluices and other structures for checking the water flow (see diagram).

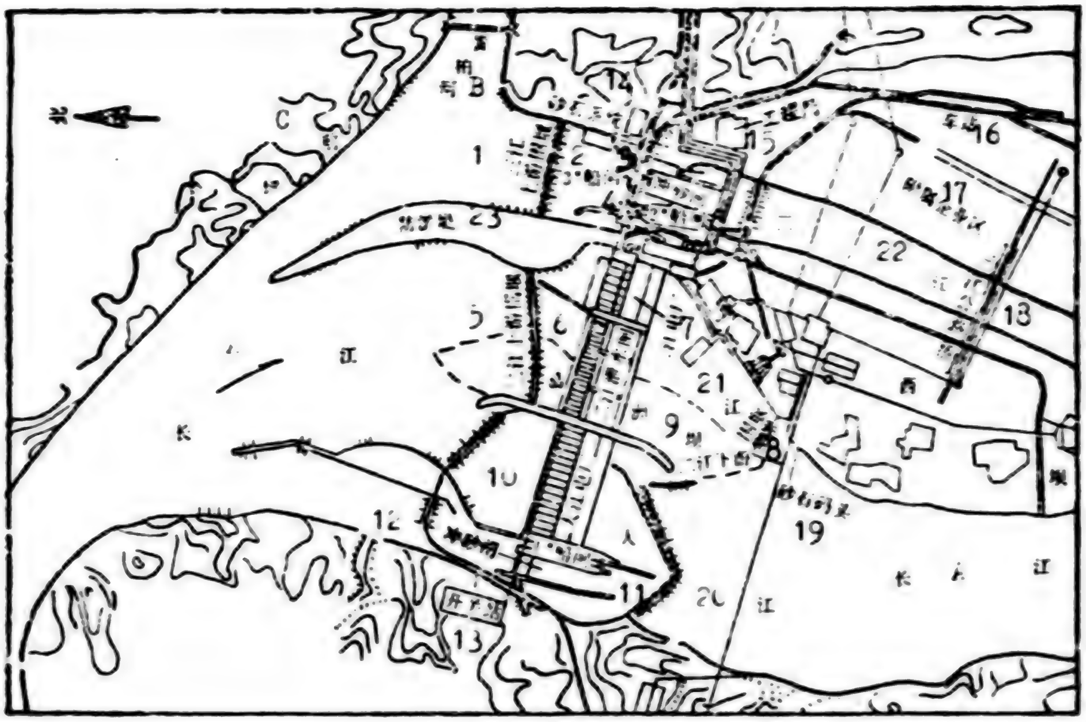
The various technical units and indexes for this gigantic project are shown in the following table.

Item	Unit	Index
Designed water storage level for reservoir	meter	66
Verified flood water level	"	67
Dam top height	"	70
Axis of dam	"	2,561
Total reservoir capacity	100 million meters^3	15.8
Designed flood flow	meters^3/second	86,000
Verified flood flow	" "	110,000
Construction designed flood flow	" "	66,800
Designed water head for power generation	Meters	18.6
Maximum generating water head	"	27
Guaranteed power generation	10,000 kW	76.8
Installed capacity	"	271.5
Average annual power generation	100 million kWh	141
Concrete work for project	10,000 meters^3	990
Earth and stone work	"	9,000

The navigation facilities provided by the project consist of ship locks and waterways. The highest water head for each ship lock is 27 meters. There are two large ship locks in the third channel: No 2 ship lock on the right with a net chamber width of 34 meters, an effective chamber length of 280, and a depth of 5 meters, allowing the passage of 10,000-ton ships; and No 3 ship lock on the left with a net chamber width of 18 meters and an effective chamber length of 120 meters, allowing the passage of passenger and freight ships on the Hankow-Chongqing run as well as local boats. No 1 ship lock is located on the right side of the main channel and is similar to No ship lock. In the third channel, there are navigation routes totaling 6.4 kilometers both upstream and downstream, and a 1,750-meter anti-silt-deposite dike upstream which controls the main flow of the third channel by slowing down the swift current, keeping it smooth and steady and then directing it sideways to remove the silt. The navigation route upstream is 180 meters wide with a 230-meter entrance, and the one downstream is 120 meters wide with a 150-meter entrance.

[See diagram of Gezhouba Engineering Project next page]

Diagram of Gezhouba Engineering Project



Key:

A. Changjiang River. B. Huangbaihe C. Qianping.
1. Upstream cofferdam in third channel.
2. No 3 ship lock.

3. Scouring sluice.
4. No 2 ship lock.
5. Upstream cofferdam in second channel.
6. Spillway in second channel.
7. Powerhouse in second channel.
8. Downstream cofferdam in second channel.
9. Gezhouba.
10. Powerhouse in main channel.
11. No 1 ship lock.
12. Scouring sluice.
13. Switchyard.
14. Sand and stone system.
15. Engineering bureau.
16. Railway station.
17. Enterprise area.
18. Third channel highway bridge.
19. Sand and stone wharf.
20. Main channel.
21. Second channel.
22. Third channel.
23. Anti-silt-deposit dike.

The powerhouses are of the river basin type, and the powerhouse buildings also serve the purpose of checking the water flow. The first and second powerhouses are located in the second channel and the main channel. The one in the second channel is equipped with two 170,000-kilowatt and five 125,000-kilowatt hydraulic turbines, with an installed capacity of 965,000 kilowatts. The powerhouse on the main channel will be equipped with 14 sets of 125,000-kilowatt hydraulic turbines, with an installed capacity of 1.75 million kilowatts. The total installed capacity of the powerhouses will be 2,715,000 kilowatts. Silt-drainage sumps are built under these buildings, and the anti-silt-deposit dikes outside the buildings help prevent the silt from clogging the hydraulic turbines and wash away the silt deposits from the entrance to the powerhouses.

The spillway is of the flat-bottom type. It is 12 meters wide with the floor at an elevation of 37 meters. This spillway is intended for discharging floodwater and is built according to the contour of the river. It will also serve the purpose of navigation when the main channel is closed during the second stage of the project. Each gate has two doors. The upper one is made of a 12 x 12 meter steel plate and the lower one is arc-shaped, also measuring 12 x 12 meters [as published]. The upper one is operated by a machine installed on the top of the dam, and the lower one is operated by a separate special mechanism. Both doors can be opened or closed in perfect coordination. Since the arc-shaped door has an axial thrust of up to 4,100 tons, an anchor structure of prestressed steel bands is required, (see article, "Prestressing of Gate Mounts for Gezhouba All-Purpose Project" in SHUILI FADIAN No 2, 1981) so that the anchor block and the gate mount will form a single solid entity. Maximum drainage over the apron is 170 meters^3/second/meter, and in view of the weak rocky foundation, selection of the form of stilling basin called for extra care. After testing and verifying with models, it was decided to use a 180-meter stilling pool with a completely sealed drainage apron. Later, a 70-meter concrete section was built as reinforcement together with a vertical concrete seepage interception wall which extends down below the bottom of the erosion ditch downstream. At the bottom of the ditch are also 52 anchor piles of a diameter of 850 millimeters to strengthen the seepage interception wall. At the end of the stilling basin, an 85-meter concrete section was added as a precaution against erosion, and on this section, there are 991 reinforced 2 x 2 meter square blocks used as a means ofminimizing erosion downstream.

The Gezhouba engineering project is being undertaken in two stages in accordance with the topographic features of the damsite, and two different navigation routes have to be used at different stages. The first stage includes the building of cofferdams for the second and third channels, with the water flowing only through the main channel. The second stage calls for the main channel to be closed, and the work completed in the first stage to be in operation, with the water going through the completed gates on the second and third channels. The building of a cofferdam and other structures on the main channel is included in the second-stage work. During the first stage, this engineering project required a total of 6.2 million cubic meters of concrete, more than 60 million cubic meters of earth and stone, and 27,000 tons of metal structure. Work during this stage was heavy and intense. In the peak year, more than 9 million cubic meters of earth and rocks were excavated and more than 5 million cubic meters of rockfill were used. In addition, some 2 million cubic meters of concrete were poured each year, and in the peak year some 22,000 tons of metal structure were used for the gates and the open/close mechanism. The foundation also required a large amount of engineering work. The structure of the buildings is very complex, in view of the many mounts, beams and holes. The frames and other structures used for the powerhouse building were mostly made of materials retrieved at a later stage; the construction procedure is very complicated, requiring a huge amount of reinforcing bars and shaped plates, as well as the use of high-grade cement of complex specifications, a strict temperature control and high-level technology. The apron below the spillway, for instance, is built of No 400-grade cement. There is also a set of double-level water stops requiring huge metal parts of many varieties. For the lower inverse "V" shaped door of No 2 ship lock, for instance, a steel water stop is used, and a single swing door weighs 600 tons; requiring high-level precision for its installation. The stone and earth work proved equally difficult, aside from the need for strength and sturdiness. Removing the brittle intermediate layers necessitated sinking many deep holes, some of them as deep as some 20 meters for the foundation of the spillway, and more than 40 meters deep for the main powerhouse section. Pre-set dynamite had to be used for this purpose. As for work progress, the original schedule called for the closure of the main channel by the end of 1981 so that by 1982 navigation and power generation would begin. After great effort, however, the closure was carried out by the end of 1980. The winding-up of the first stage work is now in progress, and the closure of the main channel was successfully completed on 4 January 1981.

9411
CSO: 4006/393

SICHUAN HYDROPOWER DEVELOPMENT PLAN EXAMINED

Beijing SHUILI FADIN [WATER POWER] in Chinese No 4, 12 Apr 81 pp 29-33

[Article by Zhang Derong [1728 1795 2837] and Cai Chengzhong [5591 2110 1813] of the Chengdu Investigation and Design Institute under the Ministry of Electric Power Industry: "Some Problems of Hydropower Planning in Sichuan Province"]

[Text] Sichuan has water resource reserves of more than 150 million kilowatts, which is equivalent to 22 percent of the total national reserves. The province has some 380 rivers, each with a capacity of more than 10,000 kilowatts, and approximately 93 million kilowatts of installed capacity, or 24 percent of the national capacity. It has an annual power generation of 515 billion units, or 27 percent of the national power output. To make full use of Sichuan's water resources as envisaged in the preliminary plan for our national energy resources and electric power, we should develop hydropower on a large scale so that in addition to meeting the need for long-range development of this area, we can also transmit a large amount of electricity to eastern China, the central-south and other areas. Petroleum is now very scarce in Sichuan, while coal and natural gas are far short of our long-range requirements. So there is an urgent need to develop hydropower by adopting various effective measures. Taking into consideration both the whole country and this region, we should carefully work out our river planning and long-range plans for our hydropower construction so that we can develop our superior water resources with the minimum investment and maximum economic benefits. This is now an important task for Sichuan's hydropower development, calling for prompt and decisive action.

For 30 years, since the founding of the people's republic, the units concerned have done a great deal of work for the exploitation of Sichuan's water resources. In hydropower planning, our institute, since its inception in 1956, has carried out many surveys and worked out many plans with varying details in cooperation with the other units on such large rivers as the Minjiang, Jialingjiang, Daduhe, Qingyijiang, Yalongjiang and Jinshajiang, and such small and medium-size rivers as the Yuzixi, Nanyahe, Longhe, Tangjiang, Chishuihe, and so forth, in addition to two large-scale general surveys--one in the 1950's and the other in the last several years. At the same time, we carried out some provincial and regional comprehensive planning. On the basis of planned site selection, we built the Longxihe Cascades and the Dahonghe Hydropower Station in the 1950's; and then by the early 1960's, we built several large and medium-size hydropower stations at Gongju, Yingxiuwan, Yuzixi and Mofanggou. By the end of 1979, the province had a total installed capacity of 1,885,800 kilowatts of hydropower, including an installed capacity of 1,192,300 kilowatts from the large and medium-size hydropower stations affiliated to the institute. The total power generated was 36.4 billion units, or 32.8 percent of the total generation by stations affiliated to the institute. Profits from hydropower totaled 1,891 million yuan, or approximately half of the profits from the entire power grid. The hydropower accumulated funds reached 2.337 billion yuan, or 45.3 percent of the accumulation of the entire power grid. The state invested a total of 1,034,600,000 yuan in eight power stations, including the Changshou Power Station (which includes the four cascades at Longxiha and the Dahonghe Hydropower Station) and the Gongju, Yingxiuwan and Yuzixi power stations. From the time of the linking of the power grids up to the end of 1979, the power generated totaled 3,412,200,000 kilowatt-hours, which yielded accumulated funds of 2.197 billion yuan. The following table shows how the investment was recovered:

Names of Stations	Changshou	Gongju	Yingxiuwan	Yuzixi	TOTAL
Total investment (in 100 million yuan)	1.75	5.156	1.71	1.73	10.346
Period of statistics (year)	59-79	72-29	71-79	72-79	
Installed capacity (10,000 kW)	13.95	70.00	13.5	16.00	113.45
Total power generation (100 million kWh)	111.45	160.13	45.64	24.00	341.22
Accumulated fund (100 million yuan)	7.05	10.41	2.95	1.56	21.97
Accumulated Fund/Total Investment (100 million yuan)	4.03	2.02	1.73	0.90	2.12

Most of the above are backbone large and medium-size hydropower stations in the present power system. Besides supplying electricity to the province, they are also responsible for peak adjustment, frequency modulation and backing up equipment failures. Thus they all play important roles in improving the operation of the system, raising its economic benefits, saving coal, changing the energy structure and promoting industrial and agricultural production.

Despite our great hydropower achievements in Sichuan, we sill have many problems requiring urgent study and solution. For example, we may mention the frequent changes in the energy policy and electric power policy, the lack of comprehensive planning, the poor arrangements for survey and design work, the slow progress of hydropower development, the failure to use Sichuan's superior water resources to better advantage, and so forth.

In this article we are attempting to express our views on the existing problems in planning for Sichuan's hydropower with the hope that it will attract the attention of the leading comrades in the departments concerned so that through discussion we can achieve a unified understanding and adopt effective measures to improve our hydropower planning, especially the planning for the principal rivers and the long-range planning. This will help create favorable conditions to accelerate Sichuan's hydropower construction.

1. Problems With River Planning

River planning is the basis for site selection and the compilation of long-range planning data for hydropower construction. According to the capital construction procedure, river planning should take place ahead of hydropower survey and design. When the planning has been completed and approved by the higher authorities, we should carry out the preliminary design for the cascades which are recommended in the planning as being ready for exploitation in the near future.

Certain stipulations concerning the substance and details required for river planning, particularly the need for a geological survey as a necessary step in the selection of damsites in various cascade projects, were made back in the early 1950's in a technical and economic report. These requirements have been reiterated by the ministry and the institute on many subsequent occasions. In June 1980, the Ministry of Electric Power Industry also clearly made stipulations to the same effect, according to "Opinions Concerning Division of Design Procedures for the Construction of Large Hydropower Stations into Different Stages and the Tasks and Content of Each Stage (First Draft)." Our institute basically began following these stipulations in our work soon after its inception in the 1950's. After 1958, however, everything became chaotic, and the following problems have remained for a long time:

First, the quality of surveying is not up to the required standard. For many years, we have heard the suggestion that in river planning, it is unnecessary for geological work to be carried out on all cascades as long as on-the-spot inspection and several discussions by people in the departments concerned take place. As a result, some sites in certain river courses were hastily selected, usually without regular river planning or study, and approved by the higher authorities. Then large-scale prospecting for the stage of preliminary design is carried out. Sometimes, people first try to work according to the requirements of the planning stage, but later insist that since it is not easy to find a site and that moving the families of the geological prospecting teams is difficult, it would be better to continue their work at the site already selected instead of moving to a new location. Practice has proved that this method can only double the workload and reduce the fruits of labor. This is a case of "more haste, less speed" which does not help speed up hydropower development. For example, when our institute planned for the Daduhe in the past several years, after repeated surveys, we held that conditions were favorable at the cascades in Dagangshan. So some comrades began to favor the idea of doing some work there, even to the point of making the preliminary design. At a later stage, however, it was discovered that the geological structure of the cascades, the dam area and the hydrological conditions were more complicated than we had thought. As a result, it would be very difficult to accomplish our original plan to build a dam 200-300 meters high. For the Manai Cascade on the upper reaches, we had also thought of building a dam some 300 meters high to form a "dragon head" reservoir with a capacity of some 10 billion cubic meters upstream so that the guaranteed power generation of the 10 cascades downstream could be increased to more than 4 million kilowatts. After preliminary drilling exploration, however, it was discovered that the overlying strata of the riverbed was too thick. (A hole 125 meters deep was drilled and still bedrock could not be reached.) Thus we had to look for another damsite nearby for comparison, and we considered building the Bobugou Dam on the middle reaches of the Daduhe as a supplementary project (reservoir capacity of 4.72 billion cubic meters and installed capacity of 2.5 million kilowatts). In another instance, on the lower section of the Yalongjiang near Jinping, we tentatively worked out a plan for five-stage exploitation based on a small amount of data from surveys and prospecting. Our main hope was to build a reservoir regulated by a high dam on the lower reaches at Wali. However, because of transportation difficulties and our inadequate prospecting force, investigation of the three upper cascades cannot be arranged even now and the plan for five-stage exploitation has to be postponed indefinitely. In planning for the Jinshajiang, investigation of most of the cascades has not yet begun, and even planning for the lower section below the Dukou have not been completed. Yet some leaders have directed that certain sites be included in the preliminary design. Since these sites require a huge amount of engineering work and the geological conditions are poor, there will be many technical difficulties and it is hard to determine when this project can ever be started. Yet concentrated efforts are being made to work out the preliminary design. This will certainly affect the work of investigation and design for other sites which can be exploited in the near future. Whether such action is justifiable deserves serious study.

Long experience has shown that river planning and the first phase of engineering cannot be done well if, instead of carrying out the necessary geological surveys on the main cascades of a river, especially a large river, we rely on only a few inspections of work on only a few cascades. In fact, work on several principal rivers of Sichuan has been on and off and has been a subject of discussion for more than 20 years. Yet to date, no formal, relatively complete report on river planning has been compiled. As a result, there have been many changes in the selection of sites and repeated setbacks, causing not only the loss of good opportunities, but also great waste. We should conscientiously draw our lessons from this experience.

Second, there is a lack of objective and realistic research work on the method of river exploitation or cascade planning. For a long time the plans for river exploitation have been disrupted by certain ideological trends. For example, in the early 1950's, we overemphasized the need to follow the general planning for the Changjiang and to carry out flood prevention on the lower reaches. We also overemphasized the importance of full utilization of water resources, and thus arrangements were made for the building of large reservoirs with high dams on the Jialingjiang and Minjiang in Sichuan. In the late 1960's, the major three-line construction program stressed the need for preparedness against war, and in hydropower construction and we had to implement the policy of "mountains, decentralization and caves." Furthermore, Sichuan was influenced by the water conservation policy of giving priority to the use of motorized irrigation, and instead of building large reservoirs with high dams, we overstressed the merits of water pumping and underground plants. None of these plans suited the objective reality; instead, they brought damage to planning and designing for hydropower construction in Sichuan. Thus we were forced to do supplementary or remedial work later. From this experience, we have realized that the forms of river exploitation and the plans for cascades must be based on the natural and economic conditions of the rivers themselves, and that the measures carried out should suit the local conditions. We must not come to any decision until we have completed serious investigations, comparison and demonstrations.

Third, there is the question of river planning and comprehensive utilization. River water is an asset of the state and the people, and different departments and people from different quarters have different ideas about exploiting and utilizing them. In river planning, we should implement the principle of comprehensive utilization, and then, after economic comparisons, put forward a plan that calls for less investment, yields greater benefits and conforms to objective reality. We should all heed this question and thus work together in harmony. However, this was generally overlooked in the 1960's, and particularly in the 1970's. This mistake had a direct effect on the progress of river planning. The repeated appeals from our comrades regarding this matter have so far failed to attract the attention of the departments concerned or the high-level leadership. Let us take planning for the Jinshajiang for example. In a symposium held in Beijing in 1978 on the Jinshajiang, the participating comrades unanimously agreed that the comprehensive utilization of and planning for such a large river is an important and complicated matter. Thus the minutes of the symposium stressed that "in planning the exploitation of the Jinshajiang Valley, we should implement the principle of comprehensive utilization with power generation and flood prevention as the primary objectives, while developing navigation, log floating and irrigation at the same time." To facilitate the harmonious cooperation of the departments concerned, the "minutes" added that "to further ascertain the conditions for the exploitation of the Jinshajiang, to understand the requirements of various sectors of the national economy in the exploitation of this river, and to carry out further planning, survey and design work, it is suggested that the Ministry of Water Conservancy and Electric Power ask the State Planning Commission and the State Economic Commission to organize and take charge of a number of work teams, in which the ministries, commissions and provinces concerned will participate. These work teams should proceed to the Jinshajiang in May or June of the current year (namely, 1978) for a repeat on-the-spot survey." Since these measures have not been carried out, the planning for the Jinshajiang still cannot proceed under unified leadership. Nor have the departments concerned been able to jointly undertake this task. Since our institute's independent action in planning for the section from Dukou to Ipin did not produce the desired result, we once again approached the higher authorities in 1979 with the request that a unified leading body be formed of people from the departments and provinces concerned to carry out planning for the whole river and for its comprehensive utilization. We also requested that a staff office be established under this leading body to speed up the river planning. Later, the higher authorities said that since there were difficulties in carrying out such measures, we should first directly contact the units concerned in order to arrive at a common understanding, and that we should leave some leeway in the setup for cascades. At the same time, our institute was required to submit a planning report for that section of the river as soon as possible. In practice it will be difficult for the river planning to be successful if we work according to this directive, because we will not be able to meet the requirements of Document Gui [6016] No 56 issued in 1978 by the former Ministry of Water Conservancy and Electric Power concerning planning for the Jinshajiang, which points to the need to "implement the principle of comprehensive utilization of the river, to select a rational program of action and a procedure of exploitation, and then work out a preliminary design for future." Planning for the Daduhe, the Yalongjiang and other large rivers have also faced similar problems.

Fourth, the exploitation and utilization of water resources have been handicapped because we had no regulations to go by in dealing with such matters as compensation for inundated land and relocation of people. Most of the water power facilities already set up in Sichuan are in the form of power stations of the runoff type. If we take a long-range view of the situation, the repair and construction of some hydropower stations with regulated reservoirs is certainly necessary as a means of fully and rationally utilizing water resources, meeting the requirements of the power system, and bringing into play the flexibility of water power operation. However, in the absence of a unified ruling on compensation for inundated land and relocation of people, it will be difficult to proceed with the work of planning. This problem has already slowed down hydropower construction. The Baojusi Power Station of Sichuan, for example, has a suitable capacity (640 kilowatts) and is close to the load center. Its preliminary design has been approved and the state has included the project in the construction plan. The leadership and departments concerned discussed and studied the question of inundation many times, but in the end failed to find a solution to the problem of compensation for the inundated land and the relocation of people. Consequently, the project could not be started.

Sichuan has a large population and little land (approximately 1 mu per person), and we must handle the question of inundation with extra caution. Yet if we have to make full and rational use of water resources, the inundation of some land is inevitable. We must lose something before we can gain. We hope the departments concenred at the higher levels will find a solution soon to the problem of compensation for inundated land and relocation of people, by working out relevant regulations.

Fifth, electric power and system planning cannot keep pace with the requirements of river planning, and there is a general lack of harmony. There are large power stations along the large rivers in Sichuan and the southwest. The direction of power supply from the projects soon to be started and the scale of the supply involve a wide range of factors. The Ministry of Electric Power Industry and the state have many times envisioned the supply of electricity from the west to the east, or to eastern China or the central-south. In consideration of the national balance of energy resources and in the long-range view, such a vision is undoubtedly correct. However, since there is still not a concrete long-range plan, many problems in our specific jobs cannot be studied. For example, there are such questions as: When will electricity be transmitted from the west to the east? Where will it be transmitted? How much will be transmitted? Should there be a guaranteed amount or some seasonal variations? What are the relationships between the three southwestern provinces? And so on. We need to do some real work in these respects. If people simply raise a strategic and visionary slogan and are in a hurry to see some action, it is very difficult for the vision to materialize. Furthermore, since it is only a vision, it is impossible to take into serious consideration such problems as river planning, the direction of power supply from the first stage of work, and how to connect the power grids. Then there is the problem of coordination between river planning and long-range planning for the electric power system, and this problem deserves serious consideration.

2. The Question of Long-Range Planning for Hydropower

Respect for science, seeking truth from facts, and linking theory with reality--this is a correct ideological line nurtured and fostered by our party for a long time. Yet in practice, for a long time it has been disrupted and sabotaged. Following the antirightist struggle in the 1980's, leftist ideas began to develop, and during the 10 years of catastrophe, idealism and metaphysics ran wild and reached an unprecedented height. The leftist ideological line not only affected the party's general and specific policies but also permeated various aspects of economic construction. In the field of electric power industry and hydropower construction, the formulation of general and specific policies and long-range plans were seriously disturbed.

As shown in the energy policy: Formulation of policies for energy resources and electric power should be based first of all on the conditions of material resources. These policies should be far-sighted and the measures taken should be adapted to local conditions. However, the repeated setbacks to our energy and electric power principles and policies have resulted in the present energy crisis and power shortage, as most vividly shown in Sichuan. Around 1960, Sichuan enforced the policy of "stressing thermopower," which was a serious blow to hydropower development. Even then, the development of thermopower failed to make any headway. In the 1970's, we placed our "stake" on natural gas. However, instead of living up to our expectation, the development of natural gas even became a drag on coal development. The failure of hydropower, natural gas and coal to make headway has become a difficult problem of power shortage now and for the future.

As shown in long-range planning for hydropower development: A review of hydropower planning in Sichuan shows that our work was fairly practical and effective during the first 5-year plan. In striving for high targets during the Great Leap Forward, dozens of hydropower projects were simultaneously started, causing serious waste. In the mid-1960's, when national economic planning was readjusted, we carried out a great deal of study and investigation in coordination with the three-line construction requirements. In selecting sites for hydropower plants, we had to see that these sites were suitable for the requirements of the national economy and our technical level. The sites selected at Gongju, Yingxiuwan and Yuzixi were appropriate in scope, and the power plants were completed in the 1970's with remarkable success. The national economy was seriously disrupted during the "10 years of catastrophe" with disastrous results; yet, in spite of all difficulties, our institute leadership and the broad masses of workers and staff members managed to carry out planning for some small and medium-size rivers and site-selection at Xizang and Dukou. In the first 2 years after the downfall of the "gang of four," the 10-year plan embodied a leftist rash advance, calling for large bases and high targets, including the construction of 20 large hydropower stations begore 1985, and a total national installed capacity of 500 million kilowatts before the year 2000. The task of designing for the generation of 4,000-5,000 kilowatts out of the 150 million kilowatts of hydropower devolved on our institute, with the result that in the past several years we have had to work entirely on large rivers and large power stations. There are many problems with the practice of undertaking only large projects: 1) Heavy investments: according to the original planning, Sichuan will have to invest an estimated amount of more than 50 billion yuan in the next 20 years averaging 2.5 billion yuan a year. 2) Long construction period: the construction of each power plant from scratch to the time of power generation requires approximately 10 years. 3) Technical complexity and difficulty: This applies to large stations of 1-10 million kilowatts. As we can see now, such planning is obviously divorced from reality.

In view of these problems, we have repeatedly voiced our views with the hope that instead of placing all our hopes on large stations, we will take our lessons from the good experiences of foreign countries and the many provinces and regions in our country so as to bring about a combination of large, small and medium-size projects; and that aside from the large power station at Ertan, we should actively speed up our planning for medium-size rivers and site selection in the near future. However, there is still no unified understanding on these views, because people are talking about the difficulty of moving homes, inadequate resources, or the problem of work division as excuses instead of taking positive action. Now, if we continue to procrastinate instead of adopting resolute measures immediately, we will miss the good opportunity afforded by the readjustment in the next several years, and as a result, neither the large nor the medium-size projects can be successful. Sichuan's hydropower development will be in a more passive position with even more serious consequences.

3. Several Views and Proposals

First, in both theory and practice the leading organs should attach great importance to the work of planning. Particularly in the very near future, we hope the leadership will devote more energy to general planning instead of being immersed in specific technical or vocational work, and thus overlooking the matters of strategic importance. First of all, the leading units should determine to eliminate the pernicious leftist influence. On the basis of summing up their experience, they should work out some necessary rules, regulations and laws, such as regulations for river planning, methods of work coordination in comprehensive utilization and apportionment of investments, rules to compensate for inundated land and relocation of people, and so forth. The leading departments should resolutely carry out the relevant decisions and, in case of any violation of rules and regulations, trace the responsibility even to the point of legal prosecution. In the case of river planning, for example, when planning is part of the process of capital construction and design, the higher authorities should relay the planning documents to the lower levels and exercise constant supervision and inspection. A planning report officially approved should be legally binding, and no department or individuals whatever should be able to change or disrupt it. Furthermore, the work of planning includes comprehensive local planning, electric power planning and river planning and involves many fields because of the many significant factors and different methods of coordination. Therefore, some advanced theory, such as systems engineering, and advanced computer technology should be employed for analysis and demonstration. It is suggested that the departments in charge at the higher levels should, after certain experimentation, raise the professional level, both theoretical and technical, of the planning personnel so as to create better conditions for the work of planning.

Second, in dealing with the work of planning for hydropower in Sichuan in the near future, the following suggestions are offered:

1. In river planning: Among the three large rivers--Jinshajiang, Yalongjian and Daduhe--work on the Jinshajiang can be temporarily halted in 1981 until the supplementary planning report on the Dukou-Ipin section is completed. Then in the following years, we should concentrate our efforts on completing the planning for the Daduhe (below Shuangjiangkou) and the Yalongjian (below Wali), and then submit a formal planning report. At the same time, we should quickly take up the work of planning for the upper reaches of the Minjiang and some of the better medium-size rivers, and select some sites for medium-size hydropower stations that can be completed fairly quickly.

2. In selecting power resources: At present, we should carefully study the question of a combination of large and medium-size projects and attempt only the possible. The scope of a power station should be commensurate with the system's development and the state's industrial and technological levels, and particular attention should be paid to the availability of funds and the results of investments. Hereafter, for either domestic investments or foreign funds, we should allow an annual interest of 7-8 percent, so that in 10 years the amount invested will be doubled. This matter deserves great attention. There are many sites suitable for large power stations in Sichuan. Since the state wants to develop hydropower, the construction of some large backbone power stations is necessary. Prospecting, design and scientific research for the Yalongjiang and Ertan stations should be continued so that they can be qualified for inclusion in the state plan. However, in view of the actual conditions in our country at present and the arduous and complex nature of large power stations, we should not attempt too much. It would be even more undesirable to concentrate our resources on large power stations. For some years to come, we should build more medium-size hydropwer stations (of slightly over 100,000, several tens of thousands, or slightly over 1 million kilowatts) which require less investments and shorter construction periods but yield faster returns. Our specific proposals are: 1) For those projects at Tongjiazi on the Daduhe, the two-stage project at Yuzixi and the three-stage project at Nanyahe, we should increase our investments and speed up their construction in order that they can be in operation as soon as possible. 2) Since the preliminary design for the Baojusi Power Station has already been approved and because it has an annually regulated reservoir and is close to the load center, work on it should be started as soon as possible. 3) The preliminary designs for the Pengshui Hydropower Station on the Wujiang and the Tongzilin Power Station on the Yalongjiang, and research on the exploitation of the upper reaches of the Minjiang should be expedited. 4) There are still some small and medium-size hydropower stations with fairly favorable conditions, such as the Longhe Cascades, the estuary of the Hezhouhe and the estuary of the Luojiang. Our institute and the units concerned in the province should be allowed to express their views on the construction. If they can meet the requirements, we should consider a joint undertaking by the ministry, the province and the region. This will arouse the enthusiasm of people in various quarters and promote the development of hydropower construction.

9411
CSO: 4006/393

SICHUAN COAL PRODUCTION CUT TO PERMIT NEW POLICIES TO BE IMPLEMENTED

Chengdu SICHUAN RIBAO in Chinese 15 Apr 81 pp 1, 2

[Article: "Speed Up the Pace of Readjustment, Increase Coal Output as Soon as Possible."

[Excerpt] Actively handling well the internal readjustment of the coal industry in order to coordinate and continuously increase coal production in the next several years, and concentrating on present production and maintaining a set production quota to assure a supply for basic coal demand for our people and the various branches of the national economy, are the urgent assignments of Sichuan's coal industry during the implementation of the readjustment policy of the national economy. Whether or not these assignments are accomplished will affect the overall situation of the national economy of our province.

Under the leadership of the Communist Party and with the efforts of the miners, Sichuan's coal industry has been successful both in production and construction. We have rebuilt many old enterprises and built a number of new key enterprises. All these enterprises and some small coal mines that are owned by the counties and the people's communes form a certain scale of productive capacity. This has made great contributions to the supply of coal for industrial and agricultural production and for the daily life of the people. For many years, however, many problems have existed in the coal industry due to the effects of "leftist" thought. Its major expressions are: emphasizing extraction while downgrading excavation; an imbalance between extraction and excavation; extracting rich deposits while ignoring poorer grades; an imbalance between extraction of higher seams and extraction of lower seams; stressing production and ignoring safety; lacking safety facilities; using incomplete sets of links in the production chain; putting production before the well-being of the masses; lacking welfare facilities, etc. Since the third plenary session of the Communist Party, Sichuan's coal industry organizations have implemented the national economic readjustment policy. We have fulfilled the national coal production plan. At the same time, we have made every effort to conduct the internal readjustment task. The serious disproportion between extraction and excavation in some coal mines has been changed. To sum up, however, the readjustment task is still a formidable one; imbalances and unsafe conditions have not been entirely corrected. We must, therefore, take a clear-headed approach and try in every possible way to handle well the internal readjustment of the coal industry. We must greatly speed up the readjustment and various consolidated tasks and strive to coordinate various internal relations within three to five years, guaranteeing that coal production will continuously increase in the days to come.

Coal is an important energy source. It provides almost 70 percent of our energy and occupies first place in Sichuan's energy structure and, therefore, affects all trades and professions and the lives of the people. We may say that whether or not the readjustment and the production of the coal industry will be handled well will directly affect the further readjustment of the national economy and the stability and unity of national politics. During the entire period of the national economic readjustment, coal production cannot slow down. We will try in every possible way to speed up the readjustment and to make every effort to increase coal output to fulfill the national plan. Now, some comrades lack a correct understanding of the readjustment policy, believing that readjustment means "slow down" or cutting production and decreasing output. They do not try their best to fulfill the plans that can be fulfilled through their efforts. It should be recognized that there are a lot of difficulties in the fulfillment of the readjustment and production assignment because the tasks are arduous. Nevertheless, the objective of bringing the issue out into the open is to let us keep a clear head and actively overcome the difficulties. We must depend on the wisdom and the strength of the masses and adopt various effective measures to overcome the difficulties. Some of Sichuan's major coal mines, such as Tianfu, Songzhao, Furong, and Jiayang, have achieved great successes both in readjustment and production and become our good models since they adopted such active steps. Naturally, for those mines that have a serious imbalance and are assigned very difficult readjustment tasks, it is necessary to arrange a lower production quota in order to let them speed up the readjustment. As a matter of fact, this year's national coal production arrangement has considered the factors of readjustment and allowed for unforeseen circumstances. Although we have not set high targets in production, we will not allow somebody to reject or to make no effort to fulfill some targets that can be realized. We should note that coal production has great potentialities. There are favorable factors for maintaining the present production quota and fulfilling this year's plan.

9819
CSO: 4006/371

ENERGY

COAL PRODUCTION IN FURONG MINE BUREAU OF SICHUAN PROVINCE TOPS PLAN

Chengdu SICHUAN RIBAO in Chinese 15 Apr 81 p 1

[Article by Peng Dongyuan [1756 2767 0337] and Wang Jiyuan [3076 4949 0337]: "Leading Cadres Go Right to the Front Line To Handle Readjustment and Production Tasks; Furong Mines Bureau Overfulfills First Quarter Coal Production Plan"]

[Text] The leading cadres at all levels of the Furong Mines Bureau have gone right to the front line of production, led the staff and workers to study and to implement the spirit of the Central Committee Work Conference, pooled their wisdom and strength to overcome difficulties, and brought about a continuous increase in raw coal output. In the first quarter of this year, raw coal output of the whole bureau overfulfilled the national plan by about 6.75 percent; the average daily output increased from 4,356 tons in January to 5,026 tons in March. This has given strong support to industrial and agricultural production, and to the supplies of coal needed daily by the people.

Among the coal mines under this bureau, most were built and put into production during the ten years of chaos, so irrational design, compounded by subsequent proportional imbalances between extraction and tunneling, resulted in fairly substantial production difficulties. At the beginning of the year, the coal output of whole bureau slumped. In order to put an end to this passive state of affairs, the leading cadres of the bureaus and the mines paid more attention to the front line of production, led the comrades from the production, technical, and safety departments in going down to the mines, getting together with the masses of staff and workers, studying the documents of the Central Committee Work Conference, researching and solving various ideological problems and key production problems, and organizing and conducting production activities. This year, the Shanmushu coal mine, in which production conditions are extremely difficult, increased its total drifting footage. Some of the staff and workers were afraid of the difficulties involved in carrying out the readjustments and completing the production tasks. The leading cadres of the bureau and the mine often went down to the grass-roots units, organized staff and workers to discuss current favorable situations, explained the important role of the coal industry in the national economy, and taught all staff and workers to work hard for the nation. At the same time, they investigated the situation down in the mines, strengthened the dispatch control, handled well the shift relief on the coal face, supplied equipment, fittings, and materials which were urgently needed in extraction and tunneling, and improved the production management and reward system. Spurred on by the leadership, all staff and workers of the mine have heightened their confidence and enhanced their morale. In the first quarter of this year, they not only overfulfilled the drifting and tunneling footages, but also overfulfilled the raw coal production plan. The Baijiao coal mine is a big mine with the "five dangers," i.e., water, fire, gas, ground pressure, and coal dust. A few of the cadres were overly cautious in their approach to production. Faced with this situation, the leading comrades of the bureau and the mine went down to mine areas, teams, groups, and shifts to help everyone detect hidden hazards, to strengthen rectification and reform efforts, to build safe facilities, and to build a sound safety responsibility system. As a result, in the first quarter of this year, this mine had no fatal accidents and reduced industrial injuries. At the same time, they overfulfilled the raw coal production plan.

Facing a situation in which ultra-left ideological influences had led to overemphasizing extraction and underemphasizing tunneling, with the result that there was an imbalance between them, the leading cadres at all levels of this bureau, during the course of joining the front lines of production, handled the readjustment tasks well and created good conditions for coal production. Based on on-the-spot mine investigations, they have reformed this year's readjustment plan, taken speeding up the drifting and tunneling footages as the current focal point of the work, and correspondingly added some facilities. The bureau, mine, and area have each assigned one chief cadre to oversee drifting and tunneling. They also augmented the technical staff and management cadres to handle the drifting and tunneling tasks and formed a working system in which a dispatching meeting of drifting and tunneling would be held in order to periodically check up the task. The chief management cadres personally organized and supervised the main projects concerning the coordination of the proportion between extraction and excavation. They also carried out four fixed method, i.e., fixed schedule, fixed shift time, fixed construction manpower, and fixed materials and equipments; therefore, manpower, materials, and finances have been assured. The first quarter of this year, the drifting and tunneling footage of this bureau has reached 12,893 meters. It has obviously promoted the coal production. Because the leading cadres of the Communist Party Committee of Xunchang coal mine conscientiously implemented the policy about "develop both extraction and excavation, and drifting should go ahead of rests," the coal output, the drifting footage, and the tunneling footage have all overfulfilled the plan, in which the footage of March has topped 1,000 meters and is the highest record since this mine was built.

Beginning from February this year, according to the reward policy of the higher authorities and the situation within the bureau, this bureau have changed the past reward method that gave basic awards to the production units, and apply a new method that gives awards depend on how much the production unit has overfulfilled the production target. At the same time, they also combined overfulfillment target, safety, and quality control together for the consideration for reward to all levels of cadres; therefore, the enthusiasm of staff and workers has been further aroused. Every staff and workers have made efforts to overfulfill the plan and to ensure safety. The readjustment steps have been accelerated, and the continuous growth of the coal production has been promoted.

9819
CSO: 4006/371

BRIEFS

JIANGSU HYDROELECTRIC POWER STATION--As of now, 172 small hydroelectric power stations have been built in Jiangsu's rural areas, capable of generating 62 million kw/hr of electricity per annum. Most of these hydroelectric power stations are scattered in Xuzhou, Huaiyin and Zhenjiang prefectures of the province. [OW041721 Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 1 Aug 81]

QINGHAI RESERVOIR--Construction of (Qingjiazha) reservoir in Ledu County, south of the Huangshui River, started in January 1978 and finished at the end of July 1981. The capacity of the reservoir is 4.55 million cubic meters. The quality of the construction work is above state standards. [SK070140 Xining Qinghai Provincial Service in Mandarin 2330 GMT 4 Aug 81]

QINGHAI COMMENDS LOGISTICS COMPANY--Listeners: Twenty-four cadres and fighters of the fourth company under a certain vehicle regiment under the General Logistics Department stationed in our province bravely rescued miners at the (Gaoqian) colliery on 20 April 1981. This station introduced their deeds on 10 June. A certain section under the General Logistics Department recently convened a victory rally to commend (Qiu Jiahui) and 23 others for their heroic deeds. They were conferred certificates of merit and awards. A silk banner was awarded to the fourth company. (Chen Yi), deputy political commissar of the General Logistics Department, made a special trip to our province to attend the rally. A resolution adopted by the section under the General Logistics Department on launching a campaign to emulate Comrade (Qiu Jiahui) and the 23 others was read at the rally. [Text] [SK061328 Xining Qinghai Provincial Service in Mandarin 2330 GMT 5 Aug 81]

CSO: 4006/441

BRIEFS

GENERAL PACKAGING CORPORATION--Beijing, 3 Aug (XINHUA)--The China General Packaging Corporation has been established to help manage and guide packing and packaging operations throughout the nation, according to the State Economic Commission. The new Beijing-based corporation will be responsible for formulating and implementing principles and regulations for the industry, establishing long-term and annual development programs and improving industry techniques. It will provide consulting services and help train cadres and technical personnel. The corporation encourages packing and packaging enterprises and their auxiliaries, container manufacturers, paper, timber and other raw material supplies, to merge and streamline their operations and raise production efficiency. The corporation will be engaged in compensatory trade and joint ventures for the production of packaging facilities. [Text] [Beijing XINHUA in English 1233 GMT 3 Aug 81]

SICHUAN INDUSTRIAL PRODUCTION--Sichuan Province's total industrial output value in June was 8 percent more than in May. The province's textile industrial output in June was 4.5 percent greater than in May. The No 2 light industrial output in June was 6.4 percent up and industrial output of communes and brigades was 33.5 percent up. Output of bicycles and watches was 38.9 and 10.9 percent up respectively. The province's heavy industrial output in June was 9.6 percent more than in May. [HK030916 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 9 Jul 81]

CSO: 4006

GUANGDONG FOREIGN TRADE INCREASES DURING FIRST HALF OF 1981

Guangzhou NANFANG RIBAO in Chinese 8 Jul 81 p 1

[Article by correspondents Jiang Defen [1203 1795 4248] and Luo Liangyong [5012 5328 3057]: "Gratifying Achievements of Guangdong in Foreign Trade--Foreign Exchange Earnings from Exports in First Half of 1981 Hit All Time High"]

[Text] Guangdong achieved gratifying results in foreign trade in the first half of 1981. Compared with the same period in 1980, the total value of procurement for foreign trade increased 10.1 percent, and the total amount of foreign exchange earnings from foreign trade increased by 28.8 percent. These are unprecedented records for the first half of any year. Guangzhou Municipality; Shantou, Huiyang, Foshan, Chaoxing and Zhanjiang Prefectures; Hainan Administrative Region; and Shenzhen and Juhai Municipalities have all fulfilled more than one half of their assigned quotas.

Since the Third Plenum, the adoption of flexible economic policies in the countryside has brought about a sustained development of agriculture and diversified economy, and thereby laid a material foundation for export. Thanks to the national economic readjustment, there are now steady supplies of light industrial, textile and handicraft goods.

The proportionate sharing of increased foreign exchange earnings as arranged by the central government for this province has greatly enhanced the enthusiasm of various departments at all levels in promoting foreign trade. Many areas in the province have shown increased production and obtained larger shares of foreign exchange earnings, which, in turn, could be used to further promote production and then foreign trade. In order to produce more readily marketable commodities which would bring in more foreign currency from export, the provincial government has appropriated more than $100 million out of its retained share to support the production and development of export commodities according to the policy of "supporting exports with imports." The foreign trade departments at various levels have actively supported the production of more than 100 commodities through processing imported raw materials and assembling imported parts, exchange of materials, negotiated prices, subsidies for selling at special prices, proportionate sharing of foreign exchange earnings and other flexible measures. There has been a sustained growth in such highly competitive commodities as drawn work, fishing nets, firecrackers and fireworks, corrugated paper, various types of furniture, and cotton cloth according to the tradition of "supporting exports with imports." The export value of the newly developed ceiling fans and peanut oil has respectively trebled and doubled that of the previous year.

Furthermore, all foreign trade enterprises have paid greater attention to the study and investigations of the world market in order that the exported commodities could be sold at good prices and thus bring about more foreign exchange earnings. According to a comparison of statistics on 10 principal commodities in the first half of 1981, the average selling price was increased by 15 percent over that of the same period in 1980. This increase means an increase of $40 million for the state in foreign exchange earnings.

9411
CSO: 4006/416

FOREIGN TRADE

CHINA SELLS CRANE SHIPS TO ROMANIA

Langfang CHUANBO SHIJIE [SHIP WORLD] in Chinese 1 Jul 81 p 2

[Article by correspondent Liu Dajun [0491 1129 6874]: "Four Crane Ships Exported to Romania by China Already Delivered"]

[Text] On the afternoon of 15 May, the well-lighted Heping Hall of Heping Hotel in Shanghai was the scene of a signing ceremony whereby the 50-ton crane ships exported by China to Romania were formally delivered. Responsible leaders of China National Machinery Import and Export Corporation, Shanghai Shipyard, Jiangnan Shipyard and the Ship-Inspection Bureau of China; and the engineering and technical personnel of the delivery-check group of Romania were present at the ceremony.

This was the first time that China exported crane ships to Romania. The exported fleet consists of four ships ordered by Romania and built by Jiangnan Shipyard. The main technical data are as follows:

Total length: 40.5 meters;
Length between two posts: 40 meters;
Model Width: 20 meters;
Maximum Width: 20.5 meters;
Model Depth: 3.4 meters;
Draught: 1.6 meters;
Displacement: 1 ton;
Type of crane: 356-degree turning;
Time for a full turn: 4 minutes;
Lifting strength: Main boom: 50 x 28 x 4.7 (ton x meter x meter/minute);
Auxiliary boom: 10 x 30.5 x 25 (ton x meter x meter/minute);
Hoisting height: Above water surface, 28 meters;
Below water surface, 12 meters;
Crew: 19 persons.

Each ship is equipped with many diesel generating units for both illumination and power. There are also cabins for single persons, two persons and four persons, in addition to kitchen, mess hall, broadcasting saloon, restrooms and other facilities of daily life.

These 50-ton crane ships are not automatically piloted. They were constructed according to the scope of our ZC steel ships, under the supervision of China Ship Inspection Bureau as entrusted by Romania. In the course of construction, Jiangnan Shipyard has demonstrated its high skill and great energy, and the fine quality of construction won favorable comments from the Romanian delivery-check group.

In the past several years, there have been rapid developments in Romania's foreign trade and shipping. Its large-scale oil prospecting equipment and petrochemical refinery equipment are particularly well-known. In view of the continued increase of export, this fleet of crane ships will play a positive role in speeding up loading and unloading at the harbors.

9411
CSO: 4006/416

BRIEFS

SHAANXI-GANSU-NINGXIA HIGHWAY--Lanzhou, 21 Jul (XINHUA)--After inspection by the state capital construction commission, the Yichuan-Lanzhou highway, the longest in China's loess plateau, was formally opened to traffic on 21 July. The 949.8-km highway starts in Shaanxi's Yichuan County, passes through Gansu's Qingyang and Heshui counties and Ningxia's Guyuan and Xiji counties and ends in Yongjing County in the vicinity of Lanzhou, Gansu. The highway has over 100 bridges and passes through 4 medium-sized tunnels. Started in 1972, the construction of the highway was stepped up after the downfall of the "gang of four." [OW261431 Beijing XINHUA Domestic Service in Chinese 1628 GMT 21 Jul 81]

CSO: 4006/444

GENERAL

TOWNSHIP OF BAIYUNHUSHI IN NEI MONGOL DESCRIBED

Beijing DILI ZHISHI [GEOGRAPHICAL KNOWLEDGE] in Chinese No 5, May 81 p 14

[Text] A new town, the township of Baiyunhushi, in New Mongol has risen in the hinterland of the Koerqin grasslands since the Tong-Huo railway (from Tongliao municipality to the Huolinho coal mine) was opened to traffic. With a population of more than 20,000 the township has an area of 7.5 square kilometers, with the Han Mountain in the north, the remaining range of Daxinganling, and the Hulin River in the south. It has a good environment and a beautiful landscape.

Baiyunhushi was formerly known as Heidamiao, which was built 240 years ago. In the age of feudal rule, when government and church were one, there were five temples with 500 lamas there. The temples were the most important within a radius of several hundred li.

In 1962, its name was changed to Baiyunhushi as the seat of the committee for Xieyouzhong banner. The people of various nationalities worked hard for more than 10 years to build the township. A 5-li asphalt road broad enough to accommodate four trucks runs east-west through the township and rows of cinemas, stores, banks and hotels line the streets. Government organs, schools and residential quarters are well laid out, and factories and workshops are spread throughout the township area. Attaching great importance to culture and education for minority nationals, the party and government have set up five primary schools, three middle schools and a teacher's college.

The Baiyunhushi railway station on the Tong-Huo line has taken shape and is now a hub of communications for goods and passengers. A 370-km high-tension power transmission line provides electricity to the agricultural and pastoral areas. Industries for making and repairing agricultural and stockbreeding machinery, producing dairy products and making shoes have sprung up. The former leather and skin cooperative, which could produce only harnesses in the past, is now a leather factory with more than 200 workers. Its high-grade products, such as gloves and leather suitcases, are well-known throughout the country and are sold overseas. The total value of the township's industrial output has risen from several hundred thousand yuan at the early stage to nearly 10 million yuan.

9780
CSO: 4006/369

GENERAL

TOWNSHIP OF DAHUSHAN IN LIAONING PROVINCE DESCRIBED

Beijing DILI ZHISHI [GEOGRAPHICAL KNOWLEDGE] in Chinese No 5, May 81 p 14

[Text] The township of Dahushan is situated in a locality 18 li south of Heishan County, Liaoning Province. North of the township is the Houdahushan, 142 meters above sealevel. It is only some 10 li from Height 101 east of the county seat at Heishan and is the gateway guarding Jinzhou, a place of strategic importance. In the center of the township is a hill, Hushenshan [Tiger Body Hill], which is surrounded by urban areas. The northern part of Hushenshan is known as Hutoushan [Tiger Head Hill]. Looking down from the top, the two hills look like a crouching tiger. At the foot of the Hushenshan is beautiful West Lake.

At about the time the Daheishan Fort was built in the Yuan Dynasty, Dahushan was inhabited, but there was no record of the place until the Ming Dynasty. The Heishan County annals record: "The locality 18 li south of the city was known as the Daheishan Fort in the early years of the Qing Dynasty. It is at the center of the Fengtian-Shanhaiguan railway and is the starting point of the Da-zheng railway and contains transportation facilities. There are a great many government offices there, business is thriving, and business firms are increasing in number. The prospect for its development is promising. It is the southeast gate of the county." At the dawn of liberation, it had a population of about 10,000 and only small handicraft workshops such as oil mills and vermicelli factories. It was not until the early sixties that some small enterprises were added. Industry has grown rapidly in recent years: paper mills, steel-rolling mills, refractory materials plants, and grain, oil and foodstuff processing plants have been built. The population has grown to 25,000.

Dahushan is the converging point of the Shenyang-Shanhaiguan and Dahushan-Zhengjiatun railways and a busy railway transport center. It is a hub for the exchange of goods with areas inside the Great Wall. Among the transportation facilities, bus service is maintained with outlying municipalities and counties.

9780
CSO: 4006/369

ENERGY

SECOND DAM TO BE BUILT AT CHANGJIANG GORGE

HK071258 Hong Kong WEN WEI PO in Chinese 6 Aug 81 p 1

[Long-distance call from WEN WEI PO correspondent Ou Ping-Chiang: "Second Dam to be Built at Xiling Gorge; Gezhouba Dam to Start Generating Electricity on 10 August"]

[Text] Yichang, 5 Aug--According to what was learned by this correspondent: with the completion of the Gezhouba Dam, preparations are under way for the construction of a second dam at a site at Xiling Gorge on the Changjiang River.

Gezhouba, China's largest water conservancy construction project, will start generating electricity on 10 August. Responsible persons of the State Planning Commission, vice ministers of the ministries of water conservancy and the electric power industry and the vice provincial governors of Hubei have already arrived in Yichang Municipality and they are ready to attend the ribbon-cutting ceremony for the official commencement of electricity generation. The Gezhouba Dam, which is situated at the mouth of the Changjiang River, has a total length of 2,561 meters across the river and is 71 meters high. It is China's largest water conservancy project and is of great benefit to shipping and electricity generation.

The first-stage construction project of the Gezhouba Dam was completed last May. The gates were opened to test the dam's capacity to flow water; and its shipping capacity was also tested last June. However, the dam was quite unexpectedly tested by a great flood of the Changjiang River early on the morning of 19 July. The flood was unprecedented over the past 100 years. At a speed of 72,000 cubic meters per second, the flood water rushed out from the three gorges and pounded at Gezhouba. The Gezhouba Dam victoriously withstood the test of the flood water.

The ceremony for the official generation of electric power by the Gezhouba Dam was originally scheduled for the beginning of last July. However, to resist the extraordinarily serious flood, it was postponed until 10 August. It is indeed a double happiness that the Gezhouba Dam officially commences electricity generation after winning a victory in fighting flood.

The total installed capacity of the two electric power stations of Gezhouba is 2.715 million kilowatts. They generate an average of 13.9 billion kilowatt-hours of electricity annually, which is equivalent to three times the electricity generated throughout the country during the initial period after liberation and is more than double the volume of electric power generated by the Liujiaxia hydroelectric power station, which was the largest in China. Through high-tension power transmission cables, the tremendous electric power is transmitted to the urban and rural areas of Hubei, Sichuan, Hunan and Henan. Over repeated trial operations and power transmission, the water turbogenerator sets have functioned normally and should be able to start productive operations on schedule.

This WEN WEI PO correspondent boarded a Changjiang passenger liner and arrived at Gezhouba through the three gorges at 7 pm on 5 August and noticed that the water level of the Changjiang River has already returned to its normal level. The water level of the Gezhouba Dam is 60 meters above sea level, some 10 meters below the top of the dam.

The Gezhouba water conservancy project is the largest water conservancy project for harnessing the Changjiang River. At present, the second-stage construction project has already started. It is expected to be completed by 1986.

The key water control project of the three gorges is the fundamental project for completely harnessing the calamities of the Changjiang and exploiting its water resources. The Gezhouba Dam is the first dam to cut across the river. The second dam to cut across the river will be built at a site at Sandouping at Xinling Gorge.

CSO: 4006/441

GUANGDONG, FUJIAN ENJOY GREATER AUTONOMY IN FOREIGN TRADE

Hong Kong WEN WEI PO in Chinese 29 Jun 81 p 1

[Article by correspondent Lan Jingzhong [5663 7231 0022] in Beijing: "Autonomy for Guangdong and Fujian To Be Further Expanded as a Means To Break Away From Old System and To Discover a New Road According to Decisions Made in the Special Zones Work Conference Held in Beijing--New Regulations on Demarcation of Special Zones and Construction of Airport Worked Out"]

[Text] While economic restructuring is in progress, Guangdong and Fujian, the first two provinces to implement special policies and adopt flexible measures, will enjoy greater local autonomy. These provinces will be more easily accessible to foreigners, and their policies will be even more flexible. A number of provisional specific regulations have been drafted to provide security and preferential treatment for investments by overseas Chinese and foreigners in the special economic zones of these provinces, according to information revealed by the Guangdong and Fujian Special Economic Zones Work Conference recently held by the State Council in Beijing.

This conference was presided over by Vice Premier Gu Mu [6253 3668] and attended by leading persons of both provinces including Ren Zhongyi [0117 0112 1138], Liu Tianfu [0491 3944 1133], Wu Nansheng [0702 0589 3932], Liang Xiang [2733 3276] and Ceng Dingshi [2582 1353 4358] of Guangdong; Xiang Nan [7309 0589], Ma Xingyuan [7456 5281 0337], Guo Chao [6753 6389], Zhang Yi [1728 6695] and Hou Linzhou [0186 2651 5297] of Fujian; responsible persons of various ministries, commissions and bureaus under the State Council and of various relevant departments in the provinces; and well-known Chinese economists including Xue Muqiao [5641 2550 0294], Xu Dixin [6079 3321 2450], Fan Ruoyu [5400 5387 1946], and Qian Junrui [6929 0193 3843], totaling more than 1,000 persons. The significance of this conference, held against a background of the strategic shifting of the focus in our economic work with a view to stressing the all-around importance of the central government's decision to implement special policies and adopt flexible measures in the two provinces, lies not only in giving full play to the superiority of these provinces and enabling them to become rich ahead of others, but also in the experiments of restructuring our national economy and exploring a new way of development.

The implementation of the central government's policy decision for the two provinces began in 1980. Its main contents are: an open-door policy for the provinces (meaning also the liberal use of overseas Chinese funds and foreign funds to import suitable advanced technology and methods of scientific management and the expansion of foreign trade in the provinces); the implementation of more flexible policies; and the grant of expanded local autonomy (including the decision-making power in economic, personnel and legislative affairs and the power of the enterprises to manage their own business). Outstanding success has been achieved since the implementation of this policy. In 1980, the two provinces underwent great developments in industry, agriculture and commodity economy. Their total volume of exports surpassed the best historical records (compared with 1980, these provinces' total exports increased by 32 and 47.2 percent respectively) and their retained shares of foreign exchange earnings increased by more than five times. However, it was held that in the course of implementing this decision policy, the influence from the "left" was not completely eliminated, and the mind was not sufficiently emancipated. Some authority which the central government should have delegated to the lower levels was not actually delegated, and the two provinces sometimes failed to do what they should do. Strictly speaking, it was neither "special" nor "flexible." Therefore, the conference particularly reiterated that while the whole country has been undergoing an economic restructuring, the orientation of the special policies and flexible measures for these two provinces remained unchanged. The conference called on the provinces to further emancipate their minds, boldly carry out their experiments and reforms, and continue their advance. In line with the spirit of keeping the doors of the provinces open more widely, implementing more flexible policies and granting greater decision-making power for the provinces, the conference formulated measures to promote reforms in the provinces so that their special policies could be truly special and their flexible measures could be truly flexible. These provinces will then be one step ahead of others in economic development. From what we have learned and according to the new regulations, the two provinces will have full power in handling such matters as planning, finance, banking and foreign trade for their own economic development provided the necessary centralization of power for the central government is guaranteed and the principles of an all-round balance are observed. In the system of planning, the province will occupy the dominant position; in financial matters, the system of responsibility will be enforced; and in economic relations with foreign countries, there will be greater power of decision-making for the provinces. The system of banking would be duly revised, and the power of local control over prices would also be appropriately expanded. Special consideration and more flexibility would be allowed for the market and the supply of commodities.

More Flexible Foreign Trade

The stipulations concerning economic relations with foreign countries and foreign trade can be summarized as follows: Aside from finished petroleum products, tungsten ores, and other items that are subject to limited distribution among foreign countries and to planned control at home, transactions and export of all other commodities produced in the provinces can be handled by the provinces themselves. These provinces and their organs in Hong Kong and Macao will handle all the exports to Hong Kong and Macao. The two provinces can also act as export agents for all localities, except for those goods handled exclusively by the Foreign Trade Corporation. As for imports, the provinces can approve all transactions except those for food, chemical fertilizers, foreign cigarettes and liquor which are subject to other consignment regulations. Methods for the control of payment abroad and delivery at home can be worked out by the provinces themselves. Measures for the importation of technology, joint ventures, processing and assembling materials and parts supplied by customers, compensatory trade, cooperative production, and foreign loans can all be determined by the provinces guided by relevant regulations of the central government and on the understanding that such measures will not disturb the state's overall balance.

Greater Local Power Over Personnel Matters

In accordance with the policy of delegating authority to the lower levels, the provinces will be given the necessary rights over personnel management and local legislation. Enlarged power over personnel matters means that aside from the leading body of the provincial government, the province can decide on the establishment of any structure below the provincial level and the staffing of these structures. The provinces are also permitted to recruit their required personnel from abroad or among the unemployed people at home. This power is of great significance in reforming the administrative and personnel systems and in raising work efficiency.

Another salient feature of this conference is the systematic and in-depth study and discussions on the significance, theory, system and methods of establishing special economic zones in our country. On the basis of a unified understanding, regulations were worked out to deal with various issues in setting up special zones, such as the special features and the type of special economic zones we should have, the reduction or exemption of taxes, the simplification of entry and exit procedures, labor wages, the market, domestic and foreign trades, currency and monetary control, the demarcation between special and nonspecial zones, planning for the special zones, construction of telecommunication facilities, airports and harbors, fund-raising for basic construction, legislation for the special zones, the system of guidance and control, the training of professional cadres, security measures for the special zones, and so forth.

Deliberations Over a Number of Specific Rules and Regulations for Special Zones

Accordingly, deliberations were carried out over the draft of specific regulations for the special zones. All these specific regulations embody a desire to safeguard investments and to give more preferential treatment to the investors in the form of flexible measures and simplified procedures for the effective administration of the special zones. While fully exercising our sovereign rights, we can also create better conditions and environments for investments. These regulations will be promulgated after due legislative process.

Implementing special policies, adopting flexible measures and setting up the special economic zones in the two provinces are innovations of China's new historical period, and new circumstances and new problems will be encountered in the process. Therefore, the responsible persons, particularly the policymakers, must have both courage and insight. While showing the mettle of innovators in breaking away from the old economic shackles and illogical "traditional" conventions, and in eliminating the "leftist" influences while exploring new methods, they should also seek truth from facts, be good at studying and investigating, and give full play to the role of experts and the brain trust, so that everyone will work together in harmony and advance steadily. The gratifying aspect of this conference is its great vitality serving as an inspiration for people to blaze new trails in the search for a brighter future for our country's economic construction.

Beijing, 24 June.

9411
CSO: 4006/416

END

END OF
FICHE
DATE FILMED

20 Aug. 1981